JPRS 83443

11 May 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2397

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 83443

11 May 1983

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2397

CONTENTS

INTERNATIONAL AFFAIRS

Current Trends in CEMA Cooperation Highlighted
(G. Gruener; DIE WIRTSCHAFT, 10 Mar 83) 1

CEMA Energy Development Aid for Cuba Detailed
(AW--DDR-AUSSENWIRTSCHAFT, 6 Apr 83) 6

HUNGARY

Roundtable Discussion on 1983 Foreign Trade Prospects
(Zoltan Gombocz, et al. Interview; NEPSZABADSAG,
19 Mar 83) 9

POLAND

Controversies on Reform Commission Agenda Highlighted
(ZYCIE GOSPODARCZE, 20 Mar 83) 16

Employment Policy, Labor Market, Wage Discipline Issues Highlighted
(RZECZPOSPOLITA, various dates) 21

Reform Impact on Manpower Planning
'Vocational Activation Fund' Role,
Amdrzej Wroblewski Interview
Increased Job Openings
Wage Inflation Sanctions

Finance Ministry Official Rates Reform Prospects
(Mieczyslaw Mieszczankowski Interview; ZYCIE
WARSZAWY, 12-13 Mar 83) 30

Prospects for Economic Recovery Viewed by Paris Daily
(Serge Maffert; LE FIGARO, 19 Apr 83) 34

Deputy Minister of Domestic Trade Discusses Rationing
(Andrzej Bors Interview; GAZETA KRAKOWSKA, 11 Mar 83) 38

Vice Minister Interviewed on Oil Policy
(Antoni Karas Interview; SLOWO POLSKIE, 9 Mar 83) 45

Government Presidium Addresses Aktivs' Economic Proposals
(TRYBUNA LUDU, 9-10 Apr 83) 48

Minister Faces Workers, Students on Prices
(Zdislaw Krasinski; SLOWO LUDU, 8 Apr 83) 51

Dilemmas of Wage-Price Spiral Viewed
(Zenon Budny; KURIER POLSKI, 4-6 Mar 83) 55

Timing, Costs, Routing of Warsaw Metro Projected Described
(Bohdan Zun; TRANSPORT MIEJSKI, Jan-Feb 83) 60

ROMANIA

Economic Mechanism Functions To Increase Efficiency
(Cornel Iuga; ERA SOCIALISTA, 10 Feb 83) 65

Sociopolitical Responsibility in Scientific Research
(Florin-Teodor Tanasescu; ERA SOCIALISTA, 5 Dec 82) 72

YUGOSLAVIA

Chairman Marijan Cvetkovic Discusses Croatian Situation
(Marijan Cvetkovic Interview; DANAS, 5 Apr 83) 82

Oil Production in 1982 Described
(EKONOMSKA POLITIKA, 28 Feb 83) 93

Construction Projects Abroad Enumerated
(Aleksandar Jojic, Milos Jaric; IZGRADNJA, Feb 83) 94

Data on Industrial Dependence on Energy
(Igor Dekanic; NAFTA, Feb 83) 97

Briefs
Bank Credits in 1982 103
Employment Data for 1982 103
World Bank Loans to Macedonia 103
Trade With Greece 103
Unemployed Yugoslavs Abroad 104

CURRENT TRENDS IN CEMA COOPERATION HIGHLIGHTED

East Berlin DIE WIRTSCHAFT in German Vol 38 No 3, 10 Mar 83 p 19

['Consultation on the Party Study Year' feature article by G. Gruener: "CEMA: Advantages of Dynamic Cooperation"]

[Text] As the consolidation of socialism in the GDR proceeds, our fraternal cooperation with the Soviet Union and other socialist countries becomes correspondingly more extensive in science and production, the most important sector of our social development. Considering the sharpening of the international situation, it is more important than ever to expand the advantages of this cooperation, which has grown over decades, while ensuring continued economic growth, which benefits the people, and also while solving the often complicated tasks and problems associated with it.

Cooperation With the USSR

In the development of socialist economic integration, our party always starts from the assumption that universal cooperation with the USSR, the major strength of the socialist community of states, occupies the center of this historical, inevitably unfolding process. The long-term program of specialization and cooperation in production, which was signed on the occasion of the 30th anniversary of the GDR, contains the prospects for cooperation for the current decade. In putting the program into practice, it was possible to achieve quantitative and qualitative progress. Based on 175 treaties on cooperation in research and production, the reciprocal exchange of goods between the two countries in 1982 reached a volume worth 55 billion valuta marks. Since 1980, it has increased by about M 14 billion. The USSR is our most important trading partner, with a share of almost 38 percent in the foreign trade earnings of the GDR. The GDR is also the biggest trading partner of the USSR, with a share of 10 percent in its foreign trade earnings. Behind these figures lies the joint work of tens of thousands of specialists, the exchanges of experience of the renewers and the efficiency experts. The social dimensions of this work far exceed the scientific-technological side.

The rate of growth in the reciprocal exchange of goods of 10 percent in 1982 bears witness to great dynamism in the development of the economic relations between the two countries. It stands in stark contrast to the stagnation and shrinking in world trade and reflects particularly clearly the advantages of planned cooperation and division of labor, such as is only possible between socialist countries. Great weight attaches to the fact that this cooperation, unparalleled both with respect to

its volume and its dynamism, is based on a matching economic strategy to master the new challenges of the 1980s.

Developing Science and Technology More Rapidly

The qualitative changes in economic and scientific-technological cooperation with the Soviet Union must also be stressed. Its content is increasingly determined by the tasks whose solution today forms part of the basic assumptions for continued economic and social progress in both countries. A significant portion of the currently existing 175 treaties on cooperation in technology and production is directed at the accelerated development of science and technology in common with other fraternal countries, particularly in such important areas for the future as microelectronics, robotics technology, progressive technologies for the more efficient utilization of domestic and imported raw materials as well as greater refinement of production materials.

How scientific-technological cooperation contributes to a more efficient utilization of raw materials is shown, for example, by the processes developed jointly with the USSR for the gasification of domestic soft coal. In close cooperation with institutes in the USSR and our Academy of Sciences, a new plant for the production of synthetic gas is being put into operation at the Schwarze Pumpe gas combine. This opens up the possibility of using salt coal, which until now has been employed only to a minor degree, for further chemical processing with great economy in the future.

In order to ensure supplies of raw materials for our economy over the long term, new subjects for cooperation were agreed upon. The GDR's participation in the construction of natural gas pipelines and the production of iron ore on the territory of the USSR head the list. The increasing importance given to ensuring our future imports of raw materials from the Soviet Union demands the development and production of the type of high-quality export products which correspond to the needs of the Soviet Union and which can be sold as compensation for deliveries of energy and raw materials.

It is of the greatest importance for the economy of the GDR that this year the Soviet Union again supplies crude oil, metallurgical products, natural gas, iron ore, cellulose, wool and other products in the same amounts as in 1982. Just in the first 2 years of this 5-year plan, the Soviet Union supplied about 36 million tons of crude oil, 12,9 billion ms^3 of natural gas and 6.3 million tons of rolled steel to the GDR. Considering the practices of monopolcapitalism on the international raw materials market, this fact cannot be given a high enough value.

Cooperation imbued with the spirit of socialist internationalism is of great advantage to both countries. In this context, mention should be made of the contribution that the GDR, and the other CEMA countries, is making to meet the needs of the Soviet economy for modern equipment for metallurgy, machine construction, chemistry and, not least, in transportation. The Soviet Union has put more than 3,000 ships from the GDR in service. About two-thirds of all the excavators and cranes imported by the Soviet Union come from the GDR. The GDR's share of Soviet imports of marine diesel engines and machine tool inspecting machines is about 60 percent, for forging and pressing equipment and equipment for the construction industry it is between 70 and

80 percent. About 40 percent of Soviet imports of agricultural equipment consists of machines from the GDR.

Agreements for the Production of Consumer Goods

In accord with the agreements of the party and state leaderships of both countries, cooperation in the area of production of consumer goods is being significantly expanded. This is primarily a matter of joint measures for the modernization, reconstruction and intensification of plants, raising production and quality and expanding the range of consumer goods to satisfy the needs of the populations of both countries better. One example of this is the direct collaboration in the reconstruction and intensification of production of home sewing machines in the factories at Wittenberge and Podolsk near Moscow. Other agreements contain provisions for cooperation in the production of furniture, washing machines, shoes, gloves and other consumer goods.

In addition, there is direct cooperation to realize the Soviet food program. Increasingly, new areas of emphasis are emerging in our cooperation, which point far into the future.

Areas of Emphasis With Other CEMA Countries

In accord with the objectives of the 10th Party Congress, socialist economic integration with all CEMA countries is constantly being augmented. The primary expression of this is the development of a reciprocal exchange of goods, which is increasing from year to year on the basis of close cooperation in science and production.

Jointly developed products, which satisfy the most rigorous scientific-technical requirements, are increasingly the object of agreements on specialization and cooperation.

The share of specialized products in the GDR's exports to CEMA countries increased from 17 percent in 1975 to 31 percent in 1981. For example, agreements were signed with the CSSR which contain important plans for specialization and cooperation in research and production, particularly in the areas of microelectronics, olefin production, construction of agricultural machinery, construction of textile machinery, and increasing the efficiency of soft coal mining. The division of labor and cooperation with Bulgaria in the production of metallurgical equipments and open-pit coal mining machinery is increasing in importance. The advantages of specialization and cooperation in production, as highly developed forms of collaboration, are that with each individual measure the mutual benefit is ensured and a high useful effect is achieved for the economies involved.

On the basis of the long-term target programs of CEMA, the GDR is attempting to utilize the possibilities of multilateral cooperation in important areas of scientific-technological progress even more extensively. The GDR participated actively in cooperation to develop microelectronics and robotics technology, which was organized within CEMA. This allows research costs to be lowered and development time to be shortened. The aim is to unify and standardize assemblies and individual parts at a high scientific-technological level. The mutual exchange of specialized and cooperative products in microelectronics and robotics technology that this allows will contribute

to improved satisfaction of the needs of the CEMA countries for these products, which are important for the intensification of production.

New Standards--Demanding Tasks

The heightened demands of the 1980's are accompanied by more demanding tasks and new standards for the further development and augmentation of socialist economic integration with the USSR and the other CEMA countries. The more successfully we realize the goals of the 10th Party Congress, which are directed at improving the wellbeing of the peope, in a fraternal alliance with the other countries of the socialist community, the greater is our contribution at the same time to the strengthening of the position of socialism in the worldwide class struggle, in the fight to ensure peace.

--It is a question of increasing the economic efficiency of science and technology significantly. This also applies without restriction to those tasks which are being solved in cooperation with the USSR and other fraternal countries. By concentrating the research and development potential of the countries involved, shorter realization times and a better ratio of costs to results can be achieved. High output on our part is the precondition to our ability to exploit fully the potential of cooperating with socialist fraternal countries.

--The significant increase in work productivity, production efficiency and the quality of our products, which is planned in our economic strategy, will make higher demands on international specialization and cooperation.

The areas of special emphasis are questions of scientific-technological levels and the quality and stability of reciprocal supplies. It will have proved its worth, if, with the expiration of the treaties, the technical-economic parameters of the products to be delivered to each side and their steady further development have been agreed upon on the basis of scientific-technological development. One important aspect in the basic preparation of agreements on specialization consists of lowering transportation costs. This requires making expenditures for transportation an integral part of efficiency calculations in the case of each specialization measure. Faced with an enormous flow of goods, joint measures are being prepared in accordance with the agreements reached with the USSR and other CEMA countries to improve flow along the transit routes and through the transit ports and to introduce modern transportation technologies.

--The strict fulfillment of assumed obligations is a basic precondition in the constant augmentation of socialist economic integration. We always proceed from the assumption that fraternal countries are also doing everything to put into practice consistently the obligations to integrate that they have assumed. In this sense socialist economic integration is constantly assuming a more important place in the socialist competition of the workers.

Table 1. Share of the USSR in the Production of Important Goods by CEMA Countries in 1981 (as a percentage)

Electrical Energy	75.4
Hard Coal	70.4
Soft Coal	24.5
Crude Oil	97.7
Steel	71.9
Tractors	76.9
Passenger Cars	65.2
Trucks	81.7
Mineral Fertilizers	64.7
Sulphuric Acid	73.2
Plastics	48.8
Chemical Fibers	55.7
Cement	66.1
Paper	62.3

Table 2. Foreign Trade Earnings of the GDR with Other CEMA Countries (in millions of valuta marks)

	1975	1980	1981
USSR	26,539	42,609	49,888
CSSR	6,913	9,306	10,098
Polish People's Republic	6,619	7,714	7,316
Hungarian People's Republic	4,030	6,368	6,861
People's Republic of Bulgaria	2,385	3,790	4,060
Socialist Republic of Romania	2,016	3,868	4,091
Cuba	609	1,088	1,550
SRV	224	323	244
Mongolian People's Republic	74	101	113

Table 3. Share of Specialized Goods in the GDR's Exports to CEMA Countries (as a percentage)

Year	CEMA Countries	The USSR as a CEMA Country
1970	1	1
1975	17	28
1979	29	37
1980	30	38
1981	31	42

9581
CSO: 2300/200

CEMA ENERGY DEVELOPMENT AID FOR CUBA DETAILED

East Berlin AW—DDR-AUSSENWIRTSCHAFT in German Vol 11 No 15, 6 Apr 83 p 1

[Report by Information and Public Relations Department, GDR Ministry for Foreign Trade: "Implementation of the CEMA Target Program in the Republic of Cuba"]

[Text] The following multilateral cooperative undertakings under the CEMA target program for the republic of Cuba have been worked out in the fields of energy, fuels and raw materials: to speed up geological exploration; to open up the ore reserves of the country; to include sugar industry by-products in the overall raw material picture, and to increase the supply of energy by building a first nuclear power plant.

Expansion of Non-Ferrous and Ferrous Metal Production

Special emphasis is given to the production of nickel-cobalt concentrates which, next to sugar, constitute the most significant export item. The aim is to raise their production to 100,000 tons and more annually (figured in metal). Toward this end, the nickel works at Nicaro and Moa are being rebuilt and nickel works in the Punta Gorda and Las-Camariocasa area—all of them in Holguin province—are under construction.

Work on the Nicaro and Moa plants, being performed with technical assistance from the USSR, is to be completed in the course of the current 5-year plan. The project includes work on processing facilities, the expansion of the ore basis, the establishment of modern laboratories as well as construction of warehouse and transport facilities in the ports of Nicaro and Moa. Production increased even while construction was in progress during the past few years. In 1981, almost 40,000 tons of nickel-cobalt concentrates were produced. During that same year, Nicaro produced 20,800 tons—the best the plant had ever done.

A nickel works with an annual capacity of 30,000 tons of ore concentrate is being built in the Punta Gorda area with Soviet assistance. It is to start production in the course of the current 5-year plan. Most of the equipment has been supplied by the USSR; but some of it also has come from the CSSR, the GDR and the Polish People's Republic. The Soviet Union will take delivery of half of the future production volume.

The nickel works in the Las-Camariocasa area is the first major joint venture undertaken by the CEMA countries outside Europe. The project goes back to a general agreement on collaboration on construction of new production facilities for nickel and cobalt products in Cuba which was ratified by all the European CEMA countries and Cuba on the occasion of the 29th CEMA conference held in 1975. The plant, construction of which is in progress, will also produce 30,000 tons of ore concentrates annually. A major share of the export volume will go to the countries participating in the construction project.

Closely tied to the buildup of the nickel industry is the construction of a metallurgical combine which is to produce 1.3 million tons of steel annually in a full production cycle. It will be supplied with iron ore from Santiago de Cuba province and the metallurgical, heavily ferruginous residues of the nickel production at Nicaro in particular—which are to serve as the basic raw materials. A pilot plant for enriching the iron ore with the metallurgical residues from the nickel works has already been set up. It was developed in collaboration with the USSR and is to process 30,000 tons of by-products and turn them into 10,000 tons of iron concentrates. The technical details of the combine were worked out by Soviet specialists. The first stage is to go into production in 1990.

The stepped-up expansion of the nickel industry and the construction of the metallurgical combine have made the construction of other facilities in the Holguin industrial zone necessary. This includes construction companies, repair and industrial assembly facilities, power plants, transport facilities as well as facilities for the supply of water. A mining and metallurgy institute is being opened; the construction of living quarters is being stepped up. A number of these projects are either in progress or already completed.

Bagasse as Raw Material Reserve

The raw material base of the Cuban economy can be significantly broadened and solidified through the general use of sugar industry by-products as raw material for the production of cellulose, paper and fiberboard, among others. Each ton of bagasse, a by-product in sugar cane production, will yield the following products: 800 kilograms of artificial wood or 200 kilograms of yeast for feed or 100 liters of spirit or 28 kilograms of bleached cellulose or 62.5 kilograms of newsprint or 19 kilograms of half-finished fiber products for the textile industry.

At this time, only about 300,000 tons of the millions of tons of bagasse available are being put to industrial use as raw materials in Cuba. Most of the bagasse is used instead as fuel in the sugar factories.

In view of the growing demand for cellulose and paper as well as the growing shortage of traditional raw materials used to produce them and in view of the significant and rapidly renewable quantities of bagasse, Cuba looks upon the use of bagasse as a raw material in cellulose and paper production as making a major contribution to solving its raw material problem.

Since 1981, the "Pablo Morega" sugar factory has had an industrial plant attached to it which produces 34 tons of newsprint from bagasse every day. The plant was built with the approval of the U.N. program for industrial development. It was financed in part by Finland and Canada with technical assistance from the Soviet Union. The CSSR helped train the cadres.

There is a cellulose-and-paper combine attached to the "Uruguay" sugar factory which turns out 200 tons of cellulose and 200 tons of high-grade paper each day. By 1990, another cellulose-and-paper combine will be built jointly by interested CEMA countries. This will not only help meet Cuba's own demands for various types of paper but will also enable her to export paper products to the socialist countries.

In the late seventies and early eighties, fiberboard production facilities were expanded. Three plants were built which turn out 120,000 tons of fiberboard from bagasse annually. Still another plant is now under construction. In 1981, the fiberboard thus produced from bagasse won a gold medal at the Leipzig Fair. Fiberboard has since broadened Cuba's export base.

Nuclear Energy and Alternative Energy Sources

In view of her limited fuel reserves, Cuba considers the construction of nuclear power plants as one of the directions in which her energy industry must go. The first 880-MW nuclear plant—being built with the technical assistance primarily of the USSR in Cienfuegos province—is to be fully operational as early as in the 1986-1990 5-year plan segment.

Above and beyond this, alternative energy sources are assuming ever greater importance. Last year, a start was made in the installation of 250 wind motors and 500 prototype solar heating units. The wind motors are primarily being used as water pumps in the country whereas the solar units are mainly used to provide hot water in apartment buildings. Cuba is taking steps to give priority to greater utilization of alternative energy sources in the future. The plan for 1982 called for the production of about 2,000 solar heating units.

9478
CSO: 2300/220

ROUNDTABLE DISCUSSION ON 1983 FOREIGN TRADE PROSPECTS

Budapest NEPSZABADSAG in Hungarian 19 Mar 83 p 5

[Interview with general managers Zoltan Gombocz (Chemolimpex), Adolf Federer (Komplex), Istvan Matyas (Technoimpex) and Mrs Jozsef Szabo (Hungarotex) by Jozsef K. Nyiro: "About Our Foreign Trade Opportunities This Year"; date and place of interview not given]

[Text] This year's foreign trade plan places big assignments before the enterprises. Trade volume with the socialist countries is increasing each year, cooperative relationships are expanding and mutual obligations are also growing parallel with this trend. Basic interests are attached to satisfying these obligations. On the other hand, the market situation in the developed capitalist and in the developing countries is not improving; on the contrary, it is becoming increasingly difficult in a number of areas. Under such circumstances, increasing our convertible currency income--and doubling the foreign trade surplus from the capitalist countries achieved at the national economic level last year--is not one of the easier tasks. How do the foreign trade enterprises see the tasks and the chances of accomplishing them, and what are they doing to improve their chances--these were the topics of our roundtable discussion. Our guests were general managers Zoltan Gombocz of Chemolimpex [Foreign Trade Enterprise for Hungarian Chemical Products], Adolf Federer of Komplex [Export-Import Enterprise for Factory Equipment], Istvan Matyas of Technoimpex [Foreign Trade Enterprise of the Machine Industry] and Mrs Jozsef Szabo of Hungarotex [Foreign Trade Enterprise for Textile Goods]. Our editorial office was represented by Jozsef K. Nyiro.

NEPSZABADSAG: I suggest we begin with the circumstances abroad. Specifically, with the way the market conditions are developing. That is, how do the foreign trade enterprises--from their own viewpoints--interpret the general market tendencies?

Contradictory Phenomena

Z. Gombocz: Nowadays we tend to talk about the structural crisis of the chemical industry, and by doing so sort of include the entire industry under one umbrella. Now, as the head of Chemolimpex, I can obviously speak only for a portion of the chemical industry's foreign trade, but that much is certain that these summary definitions can hardly be used in this country in our specific marketing work. There is overproduction in some product groups, while the market can be called good in others, for example, in the specialties and in the intermediary products. But because more and more of our customers are requesting more time to pay, we are undoubtedly feeling conditions generally becoming more difficult. In plain Hungarian, they want to buy on credit. But according to our market analyses, certain signs indicate a revival this year. As far as prices are concerned, we are expecting decreases this year just like last year.

A. Federer: In the agricultural and food industrial machine market, where our enterprise is working, the lack of demand with ability to pay is the primary problem. That is, there would be a demand for our products, and not even small demand--the agricultural and food industrial developments in the socialist and developing countries have selected importance--but due to the shortage of money, more places are being forced to reschedule and postpone investments decided on earlier. One consequence of all this is that the competition has become extremely sharp for the remaining markets with the ability to pay. In addition to a few developing countries, such socialist countries as the Soviet Union also belong in this group. In addition, the role of some unexpected factors has also grown. There have been cases, for example, where a quarter of half a year after signing the agreements our earlier significant markets--for example, in Africa--declare that sorry, they are unable to pay. This way we have to carry out regroupings, but let us not deny it, this is getting more and more difficult.

I. Matyas: In the machine tool trade the Japanese competition is the stiffest. For some machine subtypes their prices are unbeatable. Because of this, we are trying to find the gaps in the market; we are willing to--as we say it-"be custom tailors." That is, we develop and build our machine tools to suit the demands of the customers. On the other hand we also see opportunities in increasing the sales of complete facilities. For example, from June of last year to the end of January we signed contracts totaling about $40 million with our Algerian partners to deliver complete trade schools to them. This year we would like to double our business volume in the African countries. I believe the decisive thing in the present situation is to be out there in the field. The deals cannot be made from Pest, by sitting at the desk.

Mrs. J. Szabo: The consumer goods market is characterized by declining demand, expanding supply and sharpening competition. The CEMA countries represent an important market, and the Hungarian products are in demand, even though maintaining their competitiveness requires expanding the selection, constantly improving the quality and improving delivery schedules. In the developed and developing capitalist countries the decrease of demand did not

manifest itself the same way in all product groups. What I am referring to is this: last year and also predictably this year, there is a better market for sports clothing products than for the classical items. Because of this trend, for example, whoever produces classic winter coats today will have sales problems, while those who can quickly change over to sporty ones will be in an easier situation. We consider it most important to follow the changes quickly and strengthen our presence in the market.

NEPSZABADSAG: Obviously, in the just outlined market situation our export efforts are made even more difficult by the application of those trade policy tools, the goal of which is to force out of the market not only Hungarian products but often the products of the socialist countries.

Z. Gombocz: Yes, our experience also proves that protectionism has recently gained strength. There is no doubt that it also contributed to the difficult situation last year in which we did not progress a single step in the question of the still existing chemical contingencies with the Common Market; on the contrary, in many areas we ran into governmental and administrative market protection.

I. Matyas: The American machine tool producers are now asking for import duties, with which they will then be able to put everyone in the same hat, the Japanese as well as us. So while on the one hand lip service is being paid to free trade, on the other they are protecting their own interests by administrative means.

Z. Gombocz: We think we can do three things against these and similar measures. We can use our positions as importers even more, we can rely on our foreign market network more and we can enter into long-range export contracts with our largest partners for our large volume products.

NEPSZABADSAG: Now, to move from the foreign markets to our domestic matters, I want to ask your opinions about two important, and related, questions. Is there a sufficient export merchandise base available to the enterprises, and what kind of system of relationships are foreign traders developing with the producers to ensure, among other things, that there should be a sufficient merchandise base?

Is There a Competitive Merchandise Base?

Mrs. J. Szabo: Our experience shows that export efforts have recently gained strength in the light industrial enterprises. There is sufficient merchandise available. The problems are elsewhere. The question is whether we can get the same price for exported merchandise that we can get here at home. For the time being, it seems that we can reach the right price level for some of them but there are a good many products that are not economical to export now. There can be some losses in a business, but over the long run at least the expenditures must be recovered. Basically, we have partnership relationships with the manufacturers so that it is in our mutual interest to have as few price concessions forced on us as possible.

A. Federer: We are traveling the path of mapping and expanding the export capacities in which we rebate significant sums from our own development fund to our partners with whom we work in partnership contracts. There are two ways to do this. Either we return the money directly or, as we have been doing more recently, through hte INTERINVESZT [expansion unknown]. We also have ideas for this year as to which competitive product group of which enterprise we want to develop with our own means.

I. Matyas: According to our experience, the concept of export capacity should be refined somewhat. It is one thing to produce merchandise; but as the projects gain prominence, the demand is constantly increasing also for exportable intellectual capacity—and we really do not have excessive amounts of that. Let me give you a really small, but characteristic, example. One of our customers ordered emergency housing from us--made of wood or containerized--with the specification that we furnish it and erect it on site. But by the time we were able to assemble the cooperation here at home, we almost lost the business. Among other things, I am referring to increasing this kind of organizing intellectual capacity, and of course also to attaining greater flexibility. It is a fact nowadays that the enterprises can hardly react to the fact that there are certain products which could be sold at the end of last year but which cannot even be given away this May. I do not want to be unfair, because there are also objective reasons for this. For example, our enterprise cannot in a short time assemble the imports needed to produce an export.

NEPSZABADSAG: As long as we are on the topic of undertakings and intellectual export capacity, do you not think that the present system of conditions should also be changed in order for us to be able to move forward in this area?

For Better Incentive Conditions

A. Federer: I say this based on the experience of several of our own undertakings: the financing conditions—including the incentives--are unclear. There is no doubt that in recent decades we did not undertake projects here at home either, and therefore the economic regulatory medium necessary for this did not develop; it had no way of developing. Life has now forced us to contract for projects abroad, and what else can we do but try to learn this profession there?

I. Matyas: Unfortunately, with very high tuitions usually. Why deny it, even the basic regulations--for example, the so-called currency entitlement--hide innumerable conflicts. For example, we delivered a school to Africa: the designer wants the foreign currency entitlement and so also does the general contractor. We had such an argument because of the conflicts of interest that two people are now working just to smooth them over.

Z. Gombocz: In connection with financing, let us also not forget that we started to work on projects at a time when the market was poor and interest rates sky high. Obviously, one needs money for projects, but in the midst of such huge interest rates, please tell me one proejct which will produce the 15-20 percent profit. It is no accident that whoever had money at that time deposited it in the bank.

NEPSZABADSAG: Actually, so far we have been talking about our export tasks. But there is no doubt that these tasks can be carried out only if we can ensure the arrival of the imported goods also, from the socialist countries as well as from the convertible market. In addition, as far as the convertible import is concerned, its total this year can hardly be allowed to exceed last year's level. Won't this cause problems?

Z. Gombocz: I believe we have to approach this whole export-import issue today in a different way than in the past. That is, we should not be arguing now about whether the import is too much or too little, because the key question is that the foreign trade balance should develop according to the plan, and this is basically determined by the export performance. I feel that a significant step forward has been taken--in the chemical industry's foreign trade--in the regulations. The regulators take it into consideration that our socialist obligations are increasing and that we must sell more on the convertible markets than we did last year. This year we are planning to increase our export as accounted in convertible currency by 10 percent--the possibility does exist for this on the market side. But the merchandise cover for a part of the export increment is still missing. We are now trying to find the products primarily at the small enterprises, which we can sell well.

I. Matyas: With respect to imports, our system is a little more rigid, since it does not take into consideration the structural changes which have occurred in the meanwhile in the machine tool industry. We now need greater imports, simply to begin exporting. But the imports have been held down excessively in the first and second quarters, and this decrease, as we now see, is causing rather large scheduling problems. I think a little more responsibility should be given to the enterprise in judging how much it can export, and the purchases, including their scheduling, should be entrusted to it, while paying attention to the principles and opportunities concerning imports.

A. Federer: In connection with imports, I believe we must consider one more principle: frugality. For example, if we are buying a complete plant, we search out every possible domestic enterprise to see what they can produce themselves, what it is that we do not have to buy because it can also be produced in this country.

NEPSZABADSAG: I would like to present another thought in connection with imports, that is, that each year there are opportunities for increasing our purchases from the socialist countries by a greater or lesser extent. And our common foreign trade problems now make it even more mutually advantageous to increase our purchases from each other.

Our Mutual Interests

I. Matyas: We must walk around with open eyes in the socialist countries. I will even give you an example of the opportunities. As a result of our 5 or 6-year-old cooperative relationship with Bulgaria, we have now succeeded in a single move in trading goods worth 80 million forints. We gave the Bulgarians machines which until now their enterprises bought from capitalist

countries, and we received components for which in the past we also paid convertible foreign currency. These deals are the results of a single action. We have socialist partners with whom we have been making such deals for 3 or 4 years--the GDR and Poland, in addition to Bulgaria--and there are those where we are now trying to sign such contracts.

Mr. J. Szabo: Let us not forget that there are different opportunities in the machine industry, and still other ones where raw materials are involved. In the case of raw materials, long-range planning and CEMA cooperation have larger roles.

Z. Gombocz: We have enterprise representatives in all European socialist countries, and one of their important tasks is to identify new import opportunities. But this is long-range work, and there is no doubt that the opportunities are more limited with respect to raw materials. Therefore, in carrying out our tasks we are also expecting increased help from the affected authorities and ministries.

NEPSZABADSAG: We have already touched on the topic of prices, and yet I think it would be worth our while to discuss the foreign trade pricing work a little more in detail. Namely, under the present difficult circumstances, what realistic goals can the foreign traders set for themselves with respect to prices?

Pricing Work

Z. Gombocz: I feel that by all means it is a reserve if we can make the foreign traders as well as the producers aware that in the present capitalist business slowdown or at least in the poorer market situation one must sell at a smaller profit. Thus the market must not be abandoned. I believe it is superfluous to argue that in a given case some deals must be made without profits, if one cannot stay in the market in any other way, even if without losses.

I. Matyas: I believe that there is an important recognition today that not every deal can be a good one but that efforts must be made to achieve a good average in the final analysis. Our joint enterprises working on the convertible markets are working very logically in this respect: first of all, by means of frugal cost management they try to take on as few loans at the high interest rates as possible. In this way they can expand their sales by being able to enter into some deals with lower price gaps. And, in turn, they can use the difference between cost and price level to support the producer's price.

Mrs. J. Szabo: We have 10 enterprises and 20 representatives working in the most diverse parts of the world. One of the big advantages of this system is that we can keep the sales-related expenses at a low level. It also happens that in the interest of some deals we give up the profit, but we think that in the difficult market situation we must increase some of our expenditures such as advertising, fashion shows, and expositions.

NEPSZABADSAG: Permit me to introduce the final question with a little calculation. If the annual plans are fulfilled at the four foreign trade enterprises represented here, there can still be problems if others fall short. But it is also true that if these four enterprises do not deliver on their promises, there will certainly be a shortfall. Is the question—the chances of fulfilling the plan—obvious from this?

Mrs J. Szabo: Judging from the number of our present business deals, the 6-10 percent convertible export increase appears realistic. We are also aware that a greater increase than this is expected of us and therefore we have initiated a few actions to increase exports. We will fulfill our socialist obligations, but the fulfillment of our quotas on the convertible markets may be influenced by a number of unforeseeable factors. We do 55-60 percent of our export traffic with the Common Market, and the other Western European countries also play a significant role in our sales. If the European hard currencies gain strength this year with respect to the dollar, this could, for example, help our export.

A. Federer: We will have no foreseeable problems on the socialist markets. I can see problems primarily on the markets of the developed and developing countries. Many things will depend on the way the business cycle develops and on the financial situation of the developing countries. For this very reason we want to take advantage of some new situations which, for example, come with membership in the World Bank. Parallel with this, we are also working on expanding our cooperative relations. To sum it all up, in the convertible export—corresponding to the machine industrial average—we expect a 15-percent increase.

I. Matyas: With a rather high degree of certainty, we can also implement the approximately 15 percent convertible export increase.

Z. Gombocz: I, too, am an optimist. Our order volume from capitalist countries is adequate, and in some product groups where we do not expect upward mobility in prices, we have our orders half a year in advance. For us, the lack of merchandise base, not so much the market, causes more of a problem. If we can solve this problem we may close a good year.

I. Matyas: I think I can say in the name of all of us that the foreign trade apparatus is working vigorously. Fulfilling the annual foreign trade plan depends on us also, but not only on us. Success depends on the overall work of industry, agriculture and foreign trade. We feel now that the chance for good overall work and hence for good results is a good one.

NEPSZABADSAG: Thank you for the conversation.

8548
CSO: 2500/170

CONTROVERSIES ON REFORM COMMISSION AGENDA HIGHLIGHTED

Warsaw ZYCIE GOSPODARCZE in Polish No 12, 20 Mar 83 p 2

[Article by T.J.: "There Is No Better Alternative"]

[Text] "We will not stop halfway, we will support reform not because there is no alternative, but because there is no better alternative." With these words Army General Wojciech Jaruzelski opened the meeting of the Commission for Reform on 9 March 1983. "There is no doubt," continued the premier, "that in the positive developments and trends that were noted in the economy during the past year, reform played no small part. Reform must therefore be effectively inculcated, and where necessary, improved."

The premier stressed that three problems crucial in our situation require penetrating analysis; these problems can be briefly stated as three questions. First, did reform set into motion processes of inflation by making easy earnings possible? Second, did reform set in motion mechanisms that favor the hoarding of basic production materials, the only source of an increase in production? Third, did reform set into motion the mechanism of rationalizing employment and an increase in productivity? This catalog of most urgent problems was expressed by Minister Wladyslaw Baka in the question, "What is to be done with past solutions envisioned in the laws for the years 1982 and 1983?"

There four questions, broadened into the formal theme of the meeting or an evaluation of the "Report on Execution and Results of Economic Reform" defined the broad range of the discussion. This affected the course of the discussion all the more since this was the first meeting in almost nine months (the last meeting took place on 22 June 1982). Parenthetically speaking, some members of the commission criticized the growing infrequency of commission meetings.

Inflation was undoubtedly the primary topic of discussion, a theme that was reiterated from various aspects in almost every statement. Despite wide differences in the evaluation of the sources, manifestations, and even the scale of the processes of inflation. no differences were expressed in three areas, that: inflation that is too high constitutes a threat to reform; reform, despite suggestions, is not the generator of inflation; and mechanisms of reform are not suited to functioning under conditions of inflation.

These themes were most convincingly expressed by Professors Czeslaw Bobrowski and Jozef Pajestka.

Opinions were not as uniform with respect to the main source of inflation. Some of the participants (specifically, J. Albrecht, W. Nowak, P. Karpiuk, H. Kisiel and K. Porwitt) felt that prices are the drive wheel of inflation. Therefore corrective proposals varied: from improving control and severe punishments for unwarranted increase in prices to freezing producer prices (H. Kisiel), and other prices (W. Nowak), to converting to official prices (P. Karpiuk). An additional argument for further limiting of price independence is--it was said--the fact that in the course of the past year prices were not, in essence, parameters, but rather that we must preclude--on socio-political grounds--the possibility that they might become parameters in the future (whose timeframe the crisis determines).

However, the thesis that uncontrolled wages were the main cause of inflation in the past year met with decided opposition, although technically, the increase in wages exacted by rising prices fanned inflation. "It is difficult to imagine greater nonsense," said Professor Pajestka, "then blaming reforms for inflation. How can there not be inflation in a country in which the national income dropped 20 percent in the last two years? Was the government supposed to cut wages? No one in the world has yet dared to do this. Reform did not cause inflation; on the contrary, reform, wisely and effectively applied and adapted to processes of inflation that are at present unavoidable, is the only chance of escape from the cycle of inflation and crisis. But not on a day to day basis."

Resolution 186/32 met with sharp criticism from J. Albrecht, S. Jedrychowski, P. Karpiuk, J. Pajestka, and A. Rajkiewicz. According to J. Albrecht, this act, introducing wage increases automatically with a rise in quantitative indices, not only contradicted the assumptions of reform, but "comprised an appalling and completely uncritical compounding of errors made continuously in the course of 36 years." In his turn, P. Karpiuk maintained that the fact that such ill-considered concepts are proposed and approved is unsettling to the highest degree. "What is still worse is the fact that there is no one to blame for this damage done to the economy and to reform."

Professor A. Rajkiewicz reacted in a certain sense to this last statement; he fulfilled the functions of the PPiSS minister during the preparation of the resolution. He expressed the view that the resolution was a mistake whose "fruit," in the form of opening a new round of recovery demands, will take a long time to consume. He emphasized, however, that the resolution was adopted in spite of the position of the Ministry of Labor. In turn in summing up, the state attorney spoke to the statement of P. Karpiuk, and said that the premier ordered him to investigate how Resolution 186 had arisen, the results of its application, and conclusions as to its substantial and specific character.

Earlier Minister Baka stated that according to the latest data, wage rates in February remained at the January level (for a comparable work period), lower by 22 percent than the December level, and equal to the September-Ocotber period. This is specific evidence that it was not Resolution 135

that started the headlong stream of emoluments, but that there was a different cause operating at the end of the year. Thus we may state that the question, did mechanisms of reform set in motion inflationary processes by making easy earnings possible, can be answered in the negative. Reform was not to blame here.

In the context of the discussion of wages, more precisely, the question of the ratio between wages and prices, the observation of Professor Pajestka is worthy of note. He stressed that there was no doubt that the rate of increase in prices was greater by several tens of percentage points then the increase in wages. In this respect the public stigmatizing of the community for pressing for wages or for wanting to lessen the headlong drop in standard of living is inadmissible. Where is there another society that tolerates an equally drastic rise in living costs with great patience or even humility?

Another topic of discussion concerned the threats to reform in general. Some of these have, if we may put it this way, a technological character and consist of failure to adapt specific solutions of the reform to existing conditions, or (more frequently) of an unskillful application of reform instruments, that consciously or unconsciously vitiates the principles of reform and distorts its logic.

I have already mentioned some of these threats. Others that recur with particular frequency concern the somewhat weak effect of reform on improving management efficiency. Professor Pajestka stressed that inadequacy in the speed of making corrections or action based on instruments or ideas foreign to reform may lead to degeneration of reform and to the consequences of this, a threat of weakening the political will to continue reconstructing the system of economic functioning. The current year will be decisive for the future of reform; during this year, if we are to resolve the crisis quickly, reform must enter its irreversible stage.

At this point the question arose as to what to do with temporary solutions that were to be effective in the light of resolutions for only two years, that is to the end of this year. The range of regulated temporary solutions is not great, but they are crucial: the system of providing for amortization and the bases for allocating amortization.

The majority speaking to this question supported the view of Professor Baka that automatic extension of the period during which temporary solutions would be effective to a further two or even three years would indicate not a gradual stabilization of the economy, but a rapid petrification of both the "temporary" solutions and of the structures based on these solutions.

Professor Czeslaw Skowronek stated that modifications adopted during the temporary solutions for 1983 do not follow the lines of reform. A different synthetic standard was introduced that confused business establishments. State control of producer goods was not restrained, but on the contrary was expanded and at this time encompasses approximately one-half of all transactions. There is a rapid renaissance of distribution functions, industrial subsector-type ministries, and an "overgrowth" into these functions through

consolidation, particularly obligatory consolidation; this is fostered by an unanticipated inclusion of units of turnover of materials in the distribution functions, a concept that contradicts the declared antimonopoly policies of the state.

It was agreed that state control of raw materials and goods should be, beginning in 1984, decidedly limited and should include only fuels and several other strategic raw materials. Support was also expressed for Professor Baka's opinion that moving toward curtailing inflationary processes requires a course aimed toward a policy of "hard" financing of enterprises. This in turn means that it will not do to hand over to enterprises all of the estimated amortization write-offs at once in 1984. All the more so, as was pointed out by M. Krzak, H. Kisiel, and K. Porwitt, since leaving all amortization in the enterprises would mean confirming the old crisis-generating structures.

The commission developed no clear stand on the question of a future income tax formula. Actually with respect to this question, the resolution contains not a temporary but a goal-directed prescription, but it is a prescription that gave rise to controversy from the very start. The same thing happened this time. Some of the discussants spoke for preserving a progressive tax, and some opted for a linear tax.

Speaking of dangers, some maintained that the greatest danger, since it was a structural danger, is progressive divergence, a disharmony in functions and degree of adaptation to requirements of the logic of reform between organizational units [plant and equipment] and the center. Professor C. Jozefiak maintained that to save the reform, the most rapid and deep reform of the central hub of economic management is indispensable to the system of functioning of the economy and the country.

The thesis concerning the need for early reform of the economic center and giving it functions conforming to the principles of reform was supported by J. Albrecht, J. Pajestka, Cz. Skowronka, and A. Rajkiewicz. It was emphasized that if this reform had been carried out earlier, it would have been possible to avoid more than one error in realizing the main reform, and to inculcate the reform more completely and perhaps more effectively.

In the end Professor A. Rajkiewicz summarized this point most laconically. He said that if the merits of the "three S" [self-governing, self-dependence, self-financing] formula were to be developed and exploited fully, it would be necessary to supplement this triad with a different triad, specifically the three "C" formula: consistency, coordination, and competence in inculcating the reform. These are lacking.

The third direction of the discussion concerned the projected "Report." But with respect to this question, the journalist-commentator found himself in a difficult position. How could he report the discussion on something which could not be written about yet? On the "Report," more precisely speaking on the first version, was placed the threatening sounding headling, "Not for publication," which is justified to the extent that the discussion at the forum of the commission is one of the stages of working out the "Report."

Whether I want to or not, I must therefore postpone the presentation of the document and limit myself here only to stating that the project was evaluated most positively and analyzed honestly from all aspects. Someone even said that this is more than a report on reform; rather it is a report on the state of the economy, its dangers and perspectives seen through the prism of reform.

One may agree with this evaluation and even detect in it something symbolic. Whether one likes it or not, our economy has become so strongly linked during this one year with reform that the perspectives of the one constitute the perspectives of the other. The locomotive has already begun its run along new rails and attempts to change course can end only in catastrophe.

2950
CSO: 2600/676

EMPLOYMENT POLICY, LABOR MARKET, WAGE DISCIPLINE ISSUES HIGHLIGHTED

Reform Impact on Manpower Planning

Warsaw RZECZPOSPOLITA in Polish 19-20 Feb 83 pp 1,2

/Article by (BP): "Will the Reform Release Personnel Reserves. Indispensable Shifts in Employment. Fluctuation Distorts Perception of Needs. Retirees Unwilling to Resume Work. Change of Regulations Necessary"/

> /Text/ What developments will occur in employment in the current year? Will modified economic reform mechanisms push work establishments into seeking internal sources for meeting their personnel needs effectively? Such problems were topical at a press conference held on February 16 at the government's press office.

Estimated data of 1983 central annual plan and related employment forecasts were presented and commented on by Ireneusz Sekula, director of Employment Department, Ministry for Labor, Wages and Social Affairs.

It is assumed that during 1983, the economy at large and the socialized sector, there will be a reduction in employment concurrent with an increase in the number of employees in the sectors of handicraft contract work, agency-commission (by 40,000), and in private farming (by 20,000 persons). In the socialized sector, employment growth is anticipated in services such as transportation and communications, health service, education and upbringing. With regard to industry, on the other hand, it is assumed that a certain shift in employment structure will occur, favoring the fuel-energy, chamical and light industries.

Of top interest is the question about this year's developments in the labor market. Will it continue to be marked by considerable preponderance of job offers over the number of job seekers? It ought to be said here that up to now the situation--fortunately--not only has failed to follow earlier catastrophic visions of unemployment that allegeldy threatened Poland, but actually contradicts those visions outright.

While clarifying this employment paradox, Director Sekula pointed out a number of factors defining the present situation, starting from last half decade's decrease in demographic labor resources, increases in lost work time, labor-intensiveness, retention of personnel surpluses by many plants counting on possibilities for improved raw materials deliveries and coproduction, and ending on imperfect mechanisms of economic reform. Last year's formula for FAZ /Vocational Activization Fund/ contributions favored employment of low-pay employees while the entire pattern of costs and, inevitably, calculations performed in enterprises did not force them into a search for economies within the area of personnel management.

According to the Labor Ministry predictions for this year, the present more exacting mechanism of economic reform should, via the new PFAZ /State Vocational Activization Fund/ formula and a less liberal subsidy policy, induce enterprises to seek personnel reserves in their own backyards. No major reductions in force or firings are at issue here: rather, a limitation of excessive fluidity of cadres which, in the Labor Ministry's estimation, effectively increases employee requirement statistics, thus distorting the picture of labor market. Also at issue are transfers of employees within a plant from nonproduction to production divisions, of course in those plants where this is possible and expedient. It is anticipated, however, that the process of employment streamlining will be merely initiated in the current year.

In response to journalists' questions, explanations were provided, including the one that up until now few persons have taken advantage of last year's regulations encouraging retirees to continue or resume professional activity because such incentives are inadequate. It can be expected, therefore, that applicable regulations will be altered.

'Vocational Activation Fund' Role

Warsaw RZECZPOSPOLITA in Polish 23 Feb 83 p 3

/Interview with ministry counselor Andrzej Wroblewski by Bozena Papiernik: "FAZ, Employment, and Economic Reform in 1983. Get Reliable Cost Effectiveness Analysis."/

> /Text/ /Question/ The mechanism of FAZ ranks among the most heatedly debated and--admittedly--criticized mechanism of economic reform. Frequently, the following line of reasoning is encountered in enterprises: If there is no unemployment, why do we need FAZ? This the question which RZECZPOSPOLITA reporter asked Andrzej Wroblewski, ministry counselor and government plenipotentiary for economic reform.

/Answer/ The label may, indeed, be misleading. The fund's role as a permanent autonomous source for financing a flexible employment policy is, in fact, a secondary role, rather than a primary one. It is primary in its provoking enterprises into economic interplay which maintains a balance between increases in salaries and an enterprise's growth needs and requirements of monetary-market equilibrium. This is the FAZ concept, which can also be referred to as tax on increments of emoluments.

Is it needed at all--some ask. Experience of the final 1982 quarter reaffirms that it is, very much so. As soon as resolution 186 opened up possibilities of larger payments, many people stopped to take cost effectiveness into account and paid no attention to what would happen in 1983. I am afraid that some pressure will now be exerted from various quarters to have the results of Council of Ministers resolution 186/82 eliminated from the base used for comput ation of contributions to FAZ. Yielding to such pressures would be pernicious, as it would be tantamount with undermining of the entire financial system interrelated with economic reform. It should not be forgotten that FAZ is not an isolated instrument. It is only one of many instruments of the economic system which should be consistently applied. Contributions to FAZ, along with the income tax system and a tough credit policy, must create economic coercion conducive to efficient management under the threat of insolvency.

/Question/ What scale of production growth will prove profitable for enterprises now, according to the modified principles for computing FAZ contributions?

/Answer/ Any production growth involving increases in labor productivity will be profitable. There are no limits in this regard. The mechanism is geared toward increased production, increased labor productivity and reduced employment.

/Question/ It is worth considering the last factor at some length. Opinions are being bandied around that significant increases in labor productivity are impossible unless reductions in force and massive layoffs occur in enterprises. It is difficult to deny that surplus employment persists in many economic units. What developments in this situation do you anticipate for the current year? Will there be any of the much-desired streamlining of employment?

/Answer/ I believe that there will, that is, if streamlining is understood as a slow gradual process of reduction in employment requirements, rather than sudden, rapid layoffs. Labor productivity increase in the present setting calls for more than the reduction of employment and greater intensiveness of employee performance. More importantly, it requires modifications in the organization of production, in many cases, surpassing enterprise boundaries, technological adjustments, and other factors. The present FAZ mechanism makes production growth via increased labor productivity more profitable to enterprises than production growth by way of increased employment.

/Question/ Still, even this avenue is not excluded, as application of special discounts in FAZ assessment is under consideration. In general, the new regulations leave many loopholes and many repeatedly depart from the principle. Aren't you afraid that this, as some put it, manual control over FAZ will set up an area for bargaining, which will result in diluting the healthy and reasonable principle?

/Answer/ That danger is real. In order to counteract it, the area of bargaining will be restricted on the basis of macro-level premises. The

Planning Commission will identify those sectors in which production growth is possible only via increases in labor intensiveness while higher FAZ discounts are allowed. There is no need to prove that excessively generous application of such discounts would strike at the FAZ mechanism and undermine the principles of economic reform.

/Question/ Under the new regulations, too much perhaps is being left out to be determined by specific directives. In addition, such directives are in many cases imprecise in wording. The telephones in our editorial office were ringing off the hook with people calling about interpretations of regulations related with FAZ.

/Answer/ It would have been much better, for sure, if the reform mechanisms, including FAZ, could be written as sweeping legal documents, without going into too many detailed regulations. For the time being, we do not have proper methods and procedures available to reach this goal, but we intend to pursue it. Let me also point out that the regulations of our economic system are addressed to the enterprise as an entity. They provide external conditions for enterprise operation. It is up to enterprise management to develop internal economic patterns, permitting optimal results to be achieved. Internal economic patterns of enterprises do not have, or even should not, contain all of the elements of the overall economic system. Channeling FAZ down all the way to employee teams is a misunderstanding.

Stabilization of financial principle the reforms is an issue of primary importance. Still, rapid achievement of that stabilization is not possible because of too many unknowns coming into play, all concerning further progress of ecnomic processes. The overriding goal--let me reiterate--is to square the cost effectiveness computations conducted in enterprises with cost effectiveness analyses conducted on the macro scale nationwide. The point is to achieve levels on which that which is profitable and desirable for enterprises will also be profitable and desirable for the entire national economy. This optimal point of economic reform must be approximated gradually, as we will not achieve it in 1983. Still, I believe, the current year should bring us much close to a properly functioning economic system of which FAZ is a component.

/Question/ A lack of stability has been rather troubling for enterprises until up to now. Does it follow from what you have said that the current FAZ principles will be in force at least throughout 1983? This would be an improvement over the previous state of things.

/Answer/ I can speak only on my own behalf. I believe that the modified FAZ principles should be effective at least until the end of this year. And, if it becomes necessary to institute some changes, those changes should be none other than parameter adjustments, applicable from that point of time on, and never retroactive.

/Question/ What, then are your fears? And your stipulations? As your statements up to this point have implied, you are certainly not in fear of the FAZ mechanism becoming too demanding and exacting for enterprises.

/Answer/ I have no fear whatsoever that with the present FAZ mechanism enterprises can attain their optimal levels of profits, that is, such profits that would assure both increases in emoluments and siphoning off of a portion thereof to central budget. My fears are just the opposite: Will the degree of remuneration for production prove to be excessively high in relation to expected results, considered from the point of view of monetary-market equilibrium, in particular?

As far as my stipulations are concerned, it is necessary to be consistent in applying the principles of cost-effectiveness analysis. Absent that, the FAZ will not be an efficient mechanism.

/Question/ Are you referring to consistency in applying the required mode of economic recovery and, in effect, bankruptcy of enterprises posting losses?

/Answer/ Not only that, I also have in mind suitable credit, subsidy and tax policies. Please note that income tax, seemingly having nothing in common with the FAZ--but only seemingly--now also includes a built-in mechanism permitting use of investment rebates, provided that desired proportions are maintained in the distribution of profits to consumption and development purposes. The point, therefore, is for credit-flow controlling banks not to create situations in which enterprises finance their development and inventory increments via credits, while expending their profits on salaries. According to the assumptions of currency-and-credit policies, at issue is bank financing of nothing but effective production growth. Well, and those who post losses should face enforcement of measures foreseen for enterprises by sanction and bankruptcy procedures, with no make believe that losses are something inevitable. Nothing short of economic coercion can lead to victory of proper practices and to elimination of false contentions.

/Question/ I would rank as false those claims, for example, that defend inept construction enterprise by conjuring the specter of a total collapse of construction industry, failure to meet related societal goals, and similar threats. After all, who is now paying for economic negligence or ineptness of management in numerous enterprises?

/Answer/ This is a fundamental question. Where do such enterprises find the resources for their survival? In effect, thy draw them from credits and, ultimately, from central budget and various subsidies. In the final analysis, this is done either at the expense of achievement of other societal goals or else it leads to increased burden on efficient enterprises, in either case ultimately resulting in undercutting the economy's growth trends. This is how the vicious circle begins to close. We must assume that enterprise operations must be based on solid cost-effectiveness analysis. Such analysis is predicated--lest this be forgotten--on the assumption that not every kind of production is economically profitable and sensible. That which is profitable is sensible. Production is frequently referred to as necessary, justified from society's point of view, while its costs are left in the abstract. Such claims are spurious.

/Question/ What other practices would you see as conflicting with the financing principles?

/Answer/ For instance, certain enterprises which have, either on the basis of regulations of resolution 186 or too-easily-obtained credits and subsidies, taken advantage of collecting substantial resources for salaries and disbursed their payroll checks of the fourth quarter 1982, disregarded the impact of this disbursement on growth of salaries in the current year. By this action, they violated the principle of self-financing, because they will become insolvent in 1983.

/Question/ Do the modified FAZ assessment calculations restrict the possibility of manipulations of this sort?

/Answer/ I believe they do, assuming, however, that the principles of cost effectiveness will be applied to enterprises in a consistent, nonrandom fashion, and without any concessions.

Increased Job Openings

Warsaw RZECZPOSPOLITA in Polish 18 Feb 83 pp 1,5

/Article by B.P.: "More Offers in Job Market. 278,000 Openings. Most Offerings For Mechanics and Construction Workers"/

/Text/ As indicated by January statistics and certain signals on the labor market from recent days, there is a renewed trend for increase in job offers by enterprises.

In January, 278,000 job openings were registered, which represents a substantial, 12 percent growth over December 1982. Primary components in this picture are last year's unfilled reported job openings. Note also that personnel requirement, as expressed statistically, is in 90 percent a result of personnel fluctuations: January's available new job openings constituted 11 percent of all available jobs.

As in previous months, a surplus of job offers over the number of job seekers registered in employment offices was recorded in all provinces of the country. In January, that surplus increased not only because a greater number of job offers but also because of further reduction (down to 8,000 persons nationwide) in the number of job-seekers. Only in two provinces--Konin and Ciechanow--shortages of jobs for women were noted. Most sought-after are candidates to fill blue-collar worker positions: offers of this kind represent 88.2 percent of total personnel requirement reported, while 55 percent of available jobs are positions for qualified skilled workers. Most job offers are for workers in the construction and mechanical trades: masons, plasterers, concreters, welders, metal-workers, and turners.

The nationwide computer data bank on available job openings with assured housing received 15,665 offers last January. Top ceiling on wages was 18,000 zlotys.

Due to renewed growing trend in personnel requirement, the Labor Ministry employment department proposes a change in procedures of cooperation between enterprises and employment divisions. Unfulfilled personnel requirements should not be valid, as they are now, for unlimited time. Instead, they should automatically expire after 30 days unless renewed by work establishments. It is expected that this change, formal in nature, should induce enterprises to keep a running tally of their personnel needs, which is the first and indispensable condition for employment streamlining. It is worth noting that cancelation of job offers filed in 1982 in Warsaw Province resulted in a considerable reduction of "statistical" requirement for employees.

Wage Inflation Sanctions

Warsaw RZECZPOSPOLITA in Polish 21 Feb 83 pp 1,2

/Article by PAP: "Inspection in 83 Enterprises. Such Payments Are Like Overdrawn Chcks. Penalties For Violation of Regulations On Emoluments"/

/Text/ In keeping with the Council of Ministers chairman's instructions, a spot check was run on 10-11 February 183 in 83 enterprises which disbursed especially high emoluments last December.

The inspection covered 19 enterprises supervised overseen by the minister of metallurgy and machinery industry, 19 enterprises overseen by the minister of chemical and light industries, 20 enterprises overseen by the minister of agriculture and food economy, 12 enterprises overseen by the minister of construction and construction material industry, and 10 enterprises overseen by the minister of forestry and timber industry.

The purpose of the check was to determine whether the high increases in emoluments were due to violations of effective legal regulations, along with infringement of basic goals and tasks of state enterprises, specified in the law on state enterprises.

Primary evaluation criteria were:

-whether disbursements were made in violation of effective regulations on payroll and on financial management in enterprises,

-whether large increases in emoluments secured by an enterprise and connected with contributions to the PFAZ were related to depriving the enterprise of resources for regenerating its productive assets and development (such actions are in violation of legislated goals and duties of enterprises, specified in articles 1, 2 and 38, section 2, of the law on state enterprises, dated 25 June 1981);

-whether substantial disbursements of emoluments occurred without adjustments in emolument systems to match motivational requirements appropriate for each type of activity. (Such actions are in violation of Article 3 of the law on state enterprises and contradict paragraph 5, section 2, item 2 of the

28 June 1982 Council of Ministers resolution on adjustment of certain principles for remunerating state enterprise employees to match economic reform). The check resulted in the determination that the elevated levels of emoluments in enterprises in final months of 1982, especially in December, were affected by a number of factors, for the most party, by disbursements related to the taking advantage of discounts on PFAZ contributions, instituted by the Council of Ministers resolution 186 to reward production growth.

At the same time, however, there were cases of payroll decisions, made by enterprises, which were in violation of society's interest and contradicted basic assumptions of economic reform. In locations where the inspection revealed irregularities, appropriate instituting organs have applied disciplinary sanctions. In documented flagrant cases, directors were either removed from their positions under article 34 or suspended from their duties under article 56 applicable to state enterprises.

Among other cases:

Jerzy Nagorski, M.Sc., director, Horticultural Seed and Nursery Enterprise in Torun, will be removed from his post for allowing legally unsubstantiated disbursements amounting to 2,053,000 zlotys.

Kazimierz Pabianski, M.Sc., director, Fresco Wool Industry Combined Plant in Zgierz, was suspended from his duties as director for having decided last Dec in favor of additional disbursements which were unsopported by the plant's economic results. In effect, the plant paid in a heavy contribution to PFAZ and is unable to assign any resources from its profits to indispensable development needs.

Jan Wilk, M.A., director, Lodz Chemical Plant Organika, was suspended for last December disbursements of awards and bonuses which were excessively high in relation to economic results, consequently producing substantial PFAZ contributions and drastic curtailment of the plant's potential to add from its profits to its development fund.

Stanislaw Zakrzewski, director, Unitra-Cemi Electronic-Component Assembly Equipment Manufacturing Plant in Szczytno, was recalled from his position 1 January 1983 for last December disbursements of bonuses in excess of 6 million zlotys unsupported by specific regulations and carried out on the basis of an ad hoc distribution procedure. Substantial awards had been given to the plant's managerial personnel. Disciplinary sanctions will be applied to the plant's deputy director for technical matters and chief accountant. Blatantly inflated disbursement of awards and bonuses last December in the Hoisting Equipment Factory in Gniezno is under careful investigation. If the charges are confirmed, the case of the plant's former director will be transferred to the prosecutorial office.

Moreover, in a score of other cases where irregularities have been disclosed by the inspection, plant directors will be either reprimanded or cautioned.

Consistent monitoring of correct disbursement of emoluments, awards and bonues will be conducted continually by all instituting bodies mandated to oversee state enterprise as well as by the apparatus of the minister of labor, wages and social concerns and by appropriate state auditing echelons.

8795
CSO: 2600/573

FINANCE MINISTRY OFFICIAL RATES REFORM PROSPECTS

Warsaw ZYCIE WARSZAWY in Polish 12-13 Mar 83 pp 1, 2

[Interview with Prof Mieczyslaw Mieszczankowski, undersecretary of state, Ministry of Finance, by Jacek Mojkowski: "The Model After 1 Year"]

[Text] [Question] Don't you feel overworked when you are asked about the economy, reform, crisis, solutions, and so forth?

[Answer] In fact, it all to some extent resembles the forcing of an open door. Everything has already been said, after all, and many economic discussions appear to have reached saturation point. Some people fall silent, others continue to argue about some abstract stuff. In my view, the adopted model is not perfect, for a fact, but since it already has been instituted, we should allow it to prove itself, considering that it is already yielding early results.

[Question] Where are we at, then, a year after the model was instituted?

[Answer] It is beyond doubt that the production curve started to ascend.

[Question] The average citizen does not sense that.

[Answer] Please remember that we are dealing with a disaster, one of the greatest in the world's economic history. Considering that we are rising from such depths, even a slight move up does not change the fact that we are still deep into the crisis. I realize that the reform urgently needs success, but its clearly noticeable results will require a longer wait.

[Question] How long?

[Answer] At least until next fall. There are indications that the increase in industrial output should continue. There has been a surge in foreign trade, which can provide effective incentives to production growth. On the other hand, it is not known how the price of coal will shape up after the drop in crude oil prices. If it goes down as well, we will earn less from our exports.

[Question] Another unknown is food, also in bad shape.

/Answer/ Its causes have been accruing for years. Last year, the bond between town and country finally ruptured, because farmers had virtually nothing to buy in the towns. Instead, marketeers appeared, who bought out goods in the small towns and took them to villages to sell. In this respect, the farmers' situation in recent past was the worst since late 1950's. Still, there is a realistic chance for this situation to change this year: deliveries of capital goods to the farm sector--machinery and other items--are supposed to increase. The countryside will also receive more cement, of which there is currently so much that construction cannot handle it for the time being. So, if farmers see that there are things to buy they may decide to sell more.

/Question/ Yet how is trade supposed to go on if there is no confidence in the currency, the inflationary curve keeps looming and inflation is rampant?

/Answer/ I would not turn that inflationary gap into a monster. According to my calculations, it increased last year by 200 billion zlotys, so that it now amounts to approximately 500 billion zlotys. But, if allowances are made for price increases, the gap has gone through a kind of devaluation and, in real terms, it remained virtually unchanged in comparison with last year's situation.

/Question/ Perhaps you do not view the inflationary gap as a monster, but others do. All sorts of tentative pricing maneuvers are being considered, as these are the simplest way. It is not so easy, on the other hand, to come up with ideas on how to stimulate production.

/Answer/ Everything depends on the method you wish to apply to cure economic inflation. If what you want is to eliminate the signs of inflation, shopping lines, in other words, then prices must be set in motion. At this time, however, a selective price increase would be of little help, considering that the inflationary money supply is in the hands of about 10 percent of the population with top earnings and profiteers. The remaining 90 percent of the nation can barely make ends meet. A price increase would at best result in slightly reducing the inflationary gap, while further decreasing real incomes of the bulk of the nation. In brief, on top of causing vexation, it would be ineffective. If, however, we decide to opt for some significant adjustments in order to bring the prices of certain goods to a realistic level, such adjustments should take place in the fall when "the sick man of Europe," no longer bedridden after a grave illness, gets a firmer stand on his feet. This, of course, does not exclude the introduction of price adjustments on less important, higher-order goods even before that time. These price adjustments will not be felt by the bulk of society.

At the same time, I wish to emphasize that we will not avoid all price increases. We must realize that there are no stable prices in world economy, and that 5 percent to 6 percent annual increase in prices is normal. In every economy there are sectors in which labor productivity does not increase or increases very slightly in proportion to cost, which results in price increases. I am referring here to extractive industry, transportation, farming, construction and services.

[Question] If so, what do you propose for the time being?

[Answer] I propose treatment of the causes of inflation, for the most part, those resulting from inefficient production and absence of interrelationships between wage increases and labor productivity in both the private and public sectors. This is where emphasis is placed by the government's already-prepared program of anti-inflationary measures. I will not mention foreign trade price increases affecting inflation and investment, since they have been kept to a necessary minimum, needed to maintain existing capital plant.

[Question] The reform was supposed to improve efficiency; meantime, however, industry continues to be wasteful using only 60 percent of its productive capacities with no reduction in employment and energy use. Don't you think it is a paradox?

[Answer] There are many more similar paradoxes in the Polish crises, eg., expansion of the government's protective function under crisis conditions. A most recent example coming from FRG indicates that in that country the state is backing out of its excessive protective role because they simply cannot afford it. Another problem is that under any economic crisis wages either decrease or are frozen, whereas in Poland, wages are going up. These paradoxes stem from the premises of the political system, as an impossible combination is being attempted: making economic sense while distributing impoverishment in equal amounts. This is perhaps the reason why a socialist economy must persist in crisis longer than a capitalist economy does, as it is unable to fully launch self-regulating mechanisms that may cause, say, unemployment.

[Question] So that on the one hand we are having a crisis with a human face, and on the other hand stagnation at a low level.

[Answer] I do not accept stagnation. After all, production is growing, even though it is by degrees. Note in this context that the reform started to operate for real in mid-1982. Nevertheless, initial investigations show that inventiveness has surfaced in enterprises and, in its wake, there is efficiency, primarily related with economies on raw and intermediate materials and overtime. I am excluding, of course, the kind of inventiveness focused exclusively on price increases. I believe that the most important factor of efficiency growth is the incentive system. So far, it has been functioning well in its applications to entire enterprises; less well within them. There is still no feedback between incentives for an enterprise's top levels and those for shop floor personnel. It will not be devised overnight; still, I expect that the system will begin to run smoothly in enterprises before the end of the year.

[Question] In connection with incentives, I must say that the reform appears to have started to prey on itself. The list of those censured for high profits includes the handicrafts and Polonia companies, now added to the state enterprises prosecuted on this account.

[Answer] No government can allow a situation in which fortunes are made on the ruins of national economy. It is up to the state treasury to assure that enterprise internal incentive systems are consistent with the reform. As regards the handicrafts, it is a fact that we have raised taxes more than 120 percent, but that sector's turnovers and prices increased by approximately the same amount. In turn, if any craftsman believes that his enterprise was hit too hard, he can report his case to an appeal commission.

[Question] What should a Polonia company do?

[Answer] If I gave you the results of checks conducted by the Ministry of Finance, you would be astounded what an Eldorado the Polonia companies are having. With very low capital imputs, they frequently attained profits 3 times higher than the costs they incurred. God's blessing on those profits, but the point is they should share them with the Polish state. The law on Polonia companies requires amendment because it gives them excessive privileges along with minimal obligations toward the economy. Yet, as Gen Jaruzelski said in Katowice, these companies cannot be an enclave enjoying unjustified privileges in our economy.

[Question] Still, this appears to curb that which has barely started going. It is said that the chances for economic restoration lie in the diversity of enterprises with various types of ownership, as these would lead to growth of competitiveness and market reinvigoration.

[Answer] I am practical on this issue, and my opinion is different: we will first restore the market to some extent with the available forces, which will provide the conditions for competition later on.

[Question] How about foreign capital?

[Answer] There is no point in counting on that, except for assistance from socialist countries.

[Question] So we are doomed to take tiny steps forward on our own? Some people claim that the steps are so small that the reform may collapse under crisis pressures and everything will revert to the norms of old.

[Answer] This doomsday vision will not come true. There is no return to a command economy. Putting into effect the economic reform with its solutions implemented and extended down to the level of individual work stations, is the only route. There is no alternative.

8795
CSO: 2600/613

PROSPECTS FOR ECONOMIC RECOVERY VIEWED BY PARIS DAILY

Paris LE FIGARO in French 19 Apr 83 p 3

[Dispatch by Serge Maffert: "Poland Living in Hope of Miracle"]

[Text] Warsaw--Poland is living in the hope of a miracle. What kind of miracle? That depends on the people to whom you speak but, be they political or church leaders or Solidarity supporters, all hope that "something" miraculous will happen to break the deadlock in a situation which everybody--this is almost the only subject on which everybody in this country is unanimous--is describing with deep pessimism.

"In Poland expectation of a miracle is congenital, it is a characteristic trait of the Poles in time of crisis," Deputy Prime Minister Rakowski, himself deeply concerned by the short-term prospects, remarked.

Pope John-Paul II's visit in June will not be that miracle but--and there is unanimity on this too--it might help it to appear. Everybody knows that for 3 years, in fact for longer, Poland has been plunged into a deep crisis which is being seen at all levels: economic, social, political, psychological and cultural. A few days spent in this country are not enough to allow you to obtain a detailed picture of a situation which is much more complex than people outside the country imagine. But it is possible to attempt a rough sketch and to outline some prospects.

To get to the essence of the matter, it can be said that all Poles, in any case government officials, church leaders and those Solidarity leaders or advisers who can still be reached, have a clear perception of what they think Poland ought to be like in, say, 10 or 15 years. Moreover their plans overlap on many points. On the other hand there is complete confusion on the immediate future, haste in the socioeconomic reform and extreme vagueness about the means of solving what is now regarded as the main problem: a very serious economic crisis.

Overcoming this crisis is the essential precondition for a positive political and social evolution. But at the same time the political and social situation and the prevailing psychological atmosphere in Poland further complicate the purely economic factors. This is the agonizing spiral into which this country is being drawn.

First here are some figures:

1. Compared with 1978, national income has undergone the following development:

--1979 minus 2 percent; 1980 minus 4 percent; 1981 minus 15 percent; 1982 minus 8 percent.

--The peak of the national opposition movement launched by Solidarity in 1980 was seen in 1981; 1982 was the year of martial law: A recovery in mining production in the second half of the year explains the relative improvement over 1981.

2. The overall drop in productivity is around 20 percent.

3. Poland's debt to the Western countries amounts to $37 billion. The country is at present completely incapable of contemplating repaying it.

Consumer Communism

Of course the major upheaval of the past 3 years is the main explanation for this disastrous situation. But the root of the evil dates back before that, to the 10 years between 1970 and 1980 which saw the triumph of what one of my interlocutors calls "consumer communism."

Gierek, who came to power in 1970 after a serious crisis had removed Gomulka, wanted to revive the economy through consumption. What happened in France in 1981-1982 happened in Poland during the previous decade, the same mistakes producing the same disasters.

Under Gierek wages increased by 50 percent in 5 years (from 1970 to 1975), then by 35 percent between 1976 and 1980. This massive increase in production costs accompanied by a chaotic investment policy completely disorganized the Polish economy, especially since this action was financed on a huge scale by massive loans from foreign countries, especially the FRG and the United States. After 10 years characterized by the illusion of plenty, the 2 years of overambitious dreams and hopes in 1981 and 1982 ended a task which had started so well.

On the brink of bankruptcy, with drastically falling productivity, deep demoralization among the workers, Poland was, and largely still is, faced with a tragic future, even leaving aside the whole foreign context--the geopolitical context as they call it here. Thus the priority is henceforth economic recovery and the complete transformation of the economic organization with a radical change in mechanisms and mentalities as the objective: It is a great ambition but unfortunately the means seem limited.

[PM202240] The main problem is that the Jaruzelski government has been forced to simultaneously carry out two operations which all Polish experts would have preferred to carry out in succession:

1. The reduction of inflation, an increase in industrial and agricultural production and an end to all kinds of waste.

2. The implementation of the "economic reform," the great ambition at present.

A 3-year plan is intended to attain the first objective. But it already seems to have started badly. The reduction in consumption (price increases plus wage freeze) proved illusory. Although they have increased by 100 percent in 1 year, prices have not been increased by as much as they ought to have been according to General Jaruzelski's economic advisers. At the same time wages continue to increase. The labor shortage (there is a shortage of around 350,000 workers) and the very low mobility of labor are other factors creating tension. The almost complete lack of foreign currency caused by Poland's debts and the Western sanctions is paralyzing whole sections of industry and agriculture. There are no longer any spare parts or supplies of some essential raw materials.

The Economic Reform

Thus, it is with a more than just precarious economy that the government started the bold structural reform which, moreover, goes a considerable way in the direction demanded by the church and the Solidarity spokesmen. These objectives are the following: reduction of and change in the role of central planning, abandonment of economic planning, autonomy of enterprise management, and some degree of self-management in enterprises.

In theory this is reflected in the following way:

--The end of economic centralism is leading to a new definition of the plan which will in the future merely be a general guideline, aimed at more effectively directing the government's action and which must no longer be a yoke.

--The enterprises are henceforth empowered to take all economic and financial decisions (types of production, contracts, self-financing, wages and so forth).

--Self-management is regarded as a decisive and spectacular element in the reform and as the guarantee of real decentralization. Out of 6,580 enterprises empowered to benefit from this system, 5,000 are at present engaged on this course to varying degrees. A "self-managed council" elected by the employees is supposed to monitor the operation of these enterprises and their production.

All this is already ambitious and other difficulties are already arising with the management of these production units: Powers are required which cannot be expected from a collegial body. The self-managed council will therefore merely be responsible for monitoring and not for direct management.

In the spirit of the reform this management is exercised by the managing director (elected by a complicated method) and by the engineers.

This is a very rough outline of the economy of theis reform. [as published] Aside from problems connected with the economic situation, the major question is this: Will these new leaders, these new managers, these self-managed

workers, be capable of adapting to an economic organization which breaks with the former system of general irresponsibility and the flood of dodged responsibilities? Will they be able, and moreover will they want to shoulder the responsibilities which they will be offered? Will the government itself have the necessary courage and will to carry through its reform?

There is no doubt that distrust and reservations initially prevailed both among the grassroots workers and among the cadres. I am told that a positive development is taking shape to some degree: The future will tell whether it is confirmed. Similarly bureaucracy still exists and is reluctant to abandon its privileges.

The wall of distrust which is being built in Poland stretches far beyond the framework of the enterprises. It is found everywhere, in all spheres. General Jaruzelski has not yet succeeded in penetrating that wall. The next article will try to gauge its thickness.

CSO: 2600/742

DEPUTY MINISTER OF DOMESTIC TRADE DISCUSSES RATIONING

Krakow GAZETA KRAKOWSKA in Polish 11 Mar 83 pp 1, 5

[Interview with Andrzej Bors, deputy minister of domestic trade, by Konstanty Migdal, Lucyna Walas, Wojciech Zurawski; date and place not specified]

> [Text] If ten years ago someone had predicted that before long we would be buying goods with ration cards, it would probably have been his last prediction. Us?! The country was developing dynamically, social consciousness was growing, we had undertaken the work of building the Katowice Iron Works, and of restoring the Royal Castle in Warsaw. In addition, our importance in the international arena was growing and in general we were in the first ranks. Such an opinion could be expressed only by an uninformed person.

Meanwhile, the malaise progressed, unnoticeably at first and later its symptoms gradually became apparent. But there was no doctor. More and more goods disappeared from store shelves. There were huge lines, social registers and commissions regulating the order of buying industrial goods round the clock shifts and... an increasing number of speculators. Calls for increase in production were of no help because how could production be increased with limitations of supplies of raw materials, energy, and fuels causing a large number of people to spend their working hours waiting for it to start. Next came protests and strikes...we will not again call to mind what is already behind us. The fact is that a large part of society was deprived of the possibility of buying anything. It was necessary to search for solutions, even half-measures. Regulation appeared to be just such a measure.

It was to protect from speculation and inflation the lowest earners, the wallets of the majority of which were not able to hold up. Specialists spoke about the lack of market equilibrium while the shortage was of a market.

In 1981, despite the objections of a small segment of society, the decision was made to regulate the sale of certain goods. Later, regulation progressed like an avalanche. Each of the provincial governors, often even gmina heads, introduced "at home" new types of regulation. This was a model of action of

the administration. It finally led to a situation in which with particular coupons, in one voivodship one could buy, for example, two packages of coffee, and in another two bottles of alcohol; somewhere else alcohol was available for purchase without coupons. Also, sugar appeared in stores coupon-free though at a higher price...complete chaos.

There were no regulation models to draw on because we were one of the few countries in the world where this type of distribution of goods was practiced, though later Romania and Yugoslavia joined us. The matter was definitely solved by the standardization of the rules of regulation and of ration cards for the entire country. Established was what could be purchased with particular coupons and what quotas applied to whom. This did not and does not now go without opposition and discussion - quotas are too low, they border on the body's minimal needs, they should be increased for groups of harder working people. But the situation was relentless. In the end, the quotas for meat were lowered.

How Much Does Regulation Cost?

This is already the third year we are living with ration cards and on ration cards. We have even come to like the feeling of having in our pockets a bundle of papers entitling us to buy food items. How much the printing of ration cards has cost and costs now no one can really say (these forms are strictly calculated, scrupulously counted). Besides, the cost of this operation is not most important here. In the crisis situation there was no other way out. There is no doubt, however, that introduction of ration cards cost us billions of zloties. In the Krakow City Voivodship alone, in various offices, 46 persons are involved in the matter of regulation. The largest Krakow trade organization WSS (Warsaw Consumers' Cooperative) "Spolem" hired an additional 182 workers in order to regulate efficiently. One hundred twenty of them are occupied in the stores in counting coupons and pasting them to special accounting sheets. This burdensome job is done to prevent fraud and speculation. Forty-three persons are employed in the economic divisions of cooperatives and check as to how the coupon "pasters" are doing the job. Nineteen persons work in dispensing and counting ration cards of WSS employees. In summary, Spolem spends about 40 million zloties annually for workers employed in regulation, and other related costs. We have in Poland 49 voivodships and other trade organizations besides WSS. Let us add only for clarity that these 182 persons do not at all represent excessive administrative growth.

If You Lose Your Card

The moment they were introduced into the market, ration cards became an attractive trading item. They were traded on squares and at bazaars; thieves stole them with relish. Last year alone 239 ration cards disappeared from Krakow enterprises, not counting those cards which changed owners along with the owners' wallets. The situation of the person who lost or in some other way was deprived of his card in not enviable. This refers also to the so-called supply inserts introduced last year. Much effort and many

declarations and statements are necessary to obtain duplicates. Announcement in the press is also required. In 1982, the department of regulated sale of the trade section of the Krakow City Office published 3725 approvals for receiving ration coupons in the regional organ of state administration because of loss of inserts. Eighty-five approvals were given to victims or to those whose apartments were robbed. Four hundred forty-five approvals were the result of assault and robbery. Since 1 February of this year this procedure has been somewhat simplified. Currently, documents authorizing receipt of another ration card are given out by work enterprises.

What do the Citizens Think?

The belief of the majority is that regulation to a large degree influenced a stabilizing of the market but did not expand quantities. We are far from reaching that point. Quieting of the market hides dangers, however. The first and fundamental one is the threat of being convinced that only by means of ration card distributions will we solve product gaps in particular areas. After all there are examples which show that if the balance of the goods we have just nears the level of mininum needs, at once voices are raised to regulate. Let's remember that this coupon distribution was a necessary measure on which we had to decide exclusively to justly and as feasible give everyone the minimum.

Of one thing there is no doubt - restoration of the market has begun; the patient has regained consciousness. The recovery period must continue, however...how long?

[Question] Mr. Minister, this is already the third year we have lived on ration cards. A large part of society believes the ministry which you represent is reacting too timidly to the possibliities of cancelling rationing for at least some goods. What is your opinion on this topic?

[Answer] I think that those who speak like this do not see the obvious accomplishments which we, together with industry, have noted in recent times. Accusing us of timidity just as we have undertaken the risky decision of lifting regulation of soaps and laundry powders is at the very least untimely. Free sale of cleaning products is a big accomplishment of trade and industry. There is, in all this, another optimistic tone - I think that we have come to an understanding with society. After all we appealed for not buying excessive amounts of soaps and powders the moment regulation was lifted. Without this, the situation could have been unpleasant. And people understood.

[Question] Let's say that this is an optimistic example at the beginning of the discussion...

[Answer] I have more of them. We lifted the so-called tight control-somewhat similar to regulation - of the sale of eggs, and the distribution index disappeared. Economic incentives in purchase and the exceptionally favorable atmosphere made possible such a solution. Similarly, distribution of hard cheeses was deregulated; we have it in abundance. If there will not be

subjective barriers - in the form of, for example, poor work of particular trade units - there should be no shortages of cheese. Now it is necessary to see to the broadest possible selection. It led up to the point where we have to stimulate the sale of less popular cheeses such as brie or veined cheeses. This also is an achievement of the food industry. The next accomplishment which must be acknowledged is the decision to again introduce in stores high-fat cream and, somewhat earlier, in February, we undertook a decision for supplies of 9-12 percent cream to fully cover orders. Regulation of powdered whole milk for children was lifted a while ago, and also that of cosmetic oils for infants... Of course, some of these decisions have, let's say, a smaller impact, however, others are undertakings of capital importance.

[Question] What conditions must be fulfilled to be able to deregulate?

[Answer] First of all, appropriate supplies of goods are imperative. We must resist the first impulse, the "hit" on stores by a part of society. The fear that soon there will be shortages lies very deep in our consciousness. The idea of buying while there is something to buy still has its followers. Secondly, we must have absolute certainty as to current supplies from industry, their amounts, and that raw materials will not be lacking. Finally, the third matter - approval of society, and agreement to not spend extra money on stockpiling goods that are available without coupons.

[Question] These financial means, as is known, do exist and they are not small, at least among part of the people.

[Answer] ... because we are still constantly analyzing the situation in the market, we are counting on what we can allow. Surely, however, in no situation can we tolerate destruction of goods, stocking of goods which spoil quickly.

[Question] That sounds convincing. Only how in this context can one comprehend the fact that of the grapefruits sent to Krakow, one-third ended up on the garbage heap because of too late a decision on giving them to groups other than children.

[Answer] In the fourth quarter of last year and in the first quarter of this year, we needed great amounts of citrus fruit, That's how it always has been. The resources which we have were, however, very modest, so the supply of fruit was enough to cover the needs of one-third of society. To whom should it be given? We decided that it be given to children, in agreement with the belief of the majority of society...so there was that much progress. And now I will ask a question: Can there, should there exist somewhere in trade a worker who, guided by some rule, in a situation of damaged goods, that is having the choice of destroying goods or assigning it for consumption purposes, let the first possibility occur? I consider alleging a lack of regulations in this specific matter as an embarrassment. We prohibit, for example, delivery of meat to the catering industry seeing that it has other sources of supply and other goods to work with. But in the situation when,

for example, a refrigerator in a store breaks down, does delivering the endangered lot of goods to the catering industry threaten the worker with punishment? I know of no such case. Returning to citrus fruits, does the minister of trade have to explain to people from trade not to allow spoilage of goods? What does it matter that someone at the central level did not give instructions? What is the whole trade administration in the local areas for?

[Question] I think that local decisionmakers do not feel particularly well... But let's return to regulation. The news is going around Poland that we have huge amounts of fats. Why then do we still regulate them?

[Answer] It is the beginning of March. For the last several days we have been studying stored supplies and the market. Unfortunately, the results are unequivocal. Currently, we are not in a condition to quickly deregulate fats. First of all, there is a shortage of raw materials for the production of margarine and this is forcing us to limit its supply in the market.

[Question] Is that the last word - that we will not deregulate in the current year?

[Answer] No, but I do not see the possibility of a quick, that is in the next months, elimination of coupons for fats...

[Question] Not even for butter? A river of milk flows through Poland but not much comes from it. We can buy butter only with coupons.

[Answer] I will answer like this: in Poland on an average there is about half a kilogram of butter monthly per person. I am not speaking here of the exceptions, about certain groups. I am treating the subject generally. In 1981, and moving into 1982, we imported about 70,000 tons of butter, mainly with our own resources, money gained from the sale of goods in Pewex stores. Learning from this experience, we conducted last year an unusually frugal management of butter. From this have come the restrictions in the production of other dairy products using fats. It was necessary to create reserves of butter for the time when the purchase of milk usually falls. This is the period from October to June. We purposely and consciously stocked up so as to maintain the level of market supply shaped by the ration system. The statistics say that the food needs of our market are 10 kilograms of butter per year per person. We are aiming at this, but it is in the future. This year's favorable atmosphere, the even larger than planned purchase of milk, is still not a basis for deregulating. We could, however, exchange 25 decagrams of lard for butter in the coupon quotas for children and youth. A situation has arisen which gives us a certain breathing space and a chance to maneuver. We are thinking of how to somewhat lessen the rigors of rationing, and maybe even in Arpil of this year. We are considering this but there are many concerns.

[Question] But cannot even additional pats of butter, for example, be allocated for people since there are stocks?

[Answer] That one additional pat one time is over 9,000 tons of butter.

[Question] Accepting your explanations, I have a question - what about sugar? Here blizzards and winter do not threaten us; there is sugar in the warehouses and last year we produced very much of it.

[Answer] In 1982, for noncoupon market supply we allocated additionally over 100,000 tons of sugar. In December, every person received a kilogram, altogether 36,000 tons. Also, earlier, in July, the quota was raised and in addition, considering the complicated situation in the meat market, we proposed sugar as a substitute for meat. In multichildren families, this is a very important matter. In this way, about 10,000 tons of sugar reach the people every month.

[Question] Sugar is saving the meat balance...

[Answer] ...I think that one can say that, though there is meat available with coupons. Also, last year for the winter supply of apiaries, we allocated over 30,000 tons of sugar. Thanks to this, we have honey because you will probably admit that it is in the stores for the first time in many years. This purposeful management of butter and sugar is allowing us for the time being not to deregulate but to ease its rigors in various ways.

[Question] And cigarettes and alcohol? Not only are there reserves but in addition, prices were increased.

[Answer] Getting excited over the existence of stocks is exactly a sign of the weakness of the market. There must be stocks if we are to return to normal trade. To prove my point, the increase in the price of alchol caused great anxiety in the market at first. There are regions in which alcohol was not available. Of course, we are creating, for example, stocks of cigarettes. I repeat we are creating stocks so as to finally restore a free market. Selection also plays a significant role here. What does it matter that there is a seeming abundance of cigarettes if the most popular brands are lacking Eighty percent of the cigarettes purchased with coupons are "Klubowe" and "Popularne" brands.

[Question] To exhaust the subject of goods on ration-cards, only flour and cereals remain.

[Answer] Last year's plan for purchase of grains was not met. This reminder is indispensable for an evaluation of the situation. Adding to this the fact that colossal differences still exist between the free-market prices of grains and the official prices of grain products, there is the concern that grain can be used for purposes other than direct consumption. I will say it clearly --these price irregularities are a direct obstacle, making it impossible at present to restore a free market.

[Question] From what you have said here, Mr. Minister, come one basic conclusion--caution is the watchword of the ministry.

[Answer] You are right. This exactly is the policy of the ministry. We cannot allow a situation where we deregulate for some time only to reintroduce it. This is not a solution. We must gain the confidence of society. If we decide to deregulate that will mean conditions are right for it.

[Question] At the end, here is a question which interests,everybody--does regulation of still other products not threaten us?

[Answer] I will answer unequivocally - no. To regulate, to divide equally or unequally - because after all regulation is not based on giving everyone the same - we must have goods in appropriate amounts. I cannot regulate rugs or tights because there is not enough of them for everyone who was entitled to obtain them.

[Question] ...to introduce regulation it is also necessary to have goods...

[Answer] ...and this is the gist of the matter.

[Question] Thank you for the discussion.

9915
CSO: 2600/663

VICE MINISTER INTERVIEWED ON OIL POLICY

PM070939 Wroclaw SLOWO POLSKIE in Polish 9 Mar 83 p 3

[Interview with Antoni Karas, vice minister for foreign trade, by Karol Rzemieniecki; date and place not specified]

[Text] [Question] Minister Krasinski's recent consultation scheme listed, among other things, a planned increase in gasoline prices--and on 1 March rationing of "blue" [low-octane] gasoline was reintroduced. Does this mean that things are not so good with our imports of crude oil and we are having to economize again?

[Answer] Things are not too bad, but of course we do need to economize--not "again," but all the time, regardless of the circumstances. This is essential for the proper application of correctly-understood economic principles. Conservation is not a synonym for poverty but for truly rational activity. And now let me speak at some greater length about our imports of crude oil and the attendant problems.

As we know, we buy our crude oil almost exclusively from the Soviet Union. For very many years imports have been maintained at a stable level and amounted to about 13 million tons per annum. In the 1970's we made some additional purchases from Iran, Iraq, Libya and Nigeria, for which we paid in dollars (for example, 4 years ago we bought 2.5 million tons). At the moment, however, owing to our acute deficit of convertible currency, as well as our extensive indebtedness, we cannot afford this type of purchase. Consequently, virtually all the oil that we need is bought from the Soviet Union. It is also on the Soviet market that we purchase certain quantities of refined oil products, such as diesel fuels and fuel oil. Could we start to increase this type of import now?

To answer this question we need to take a look at both partners in these oil transactions: the supplier (Soviet Union) and the recipient (Poland). Now the necessary decision to stop making dollar purchases which we had to take in recent years resulted automatically in a certain gap on our market. The Soviet Union's oil production is very large, but it is accompanied by certain problems, namely increasingly difficult extracting conditions and long-range export obligations, both to other CEMA countries and capitalist countries. Despite all this, our Soviet partner was able to provide us with some extra crude oil to

make up for the quantity we "lost" as a result of having stopped our imports from the so-called second payments area.

As regards Poland, on the other hand, a continued increase in our oil imports would require a simultaneous rise in exports of our commodities to the Soviet market. But our country's import requirements are obviously not limited to crude oil alone. They comprise a wide range of raw and other materials for our industrial production as well as finished products, especially consumer goods, while the balance of our trade turnover with the Soviet Union is currently showing a deep deficit (we buy more than we sell). This deficit is offset by a credit granted to Poland by the Soviet Union specifically for that purpose. In this situation any increase in imports of one commodity raises an automatic question of whether this is not going to force us to reduce imports of another commodity. In other words, we must take great care to divide our importing needs, with great skill and taking all social and economic considerations into account, between the large number of goods we are short of or lack altogether.

[Question] Despite the crisis there are more and more cars on Poland's roads: We already have 2.7 million cars, and that in addition to the 700,000 trucks, 70,000 buses, 700,000 tractors and 1.8 million motorcycles....

[Answer] At the same time, however, the problem of the economical utilization of this whole fleet of mechanical vehicles owned by different users, including private vehicles remains unresolved. Also, there is the problem of how to produce new cars and tractors with lower fuel consumption. We have not yet said the last word in this respect in Poland. In the West the number of cars on the roads is also going up and, moreover, the majority of their power plants use oil for fuel, unlike our power industry here. It is not just recently that the principle of performance efficiency--which is, after all, a fundamental precondition for obtaining lower production and maintenance costs and higher profits--became accepted as a virtually binding law in the capitalist countries, and therefore it might seem that there can be few untapped resources or room for maneuver in their oil consumption, and yet--to cite only one year, 1981, as an example--the 10 countries of Western Europe which make up the common market were able to cut their imports of oil by 15 percent compared with the preceding year, including a 20 percent cut in imports from the OPEC countries. Even when we allow for their own increased production (in the North Sea) it still represents a very major saving, last year they scored further successes in making rational economies in their fuel consumption, and there is much to indicate that they have not yet reached the end of the road in this. Here in Poland there is still much to be done in this respect.

[PM070941] [Question] One reads increasingly often about the prospects for a reduction in oil prices on the world market. Are there not certain hopes, or conclusions, for us to draw from this?

[Answer] At the moment, unfortunately, none. I have already mentioned our withdrawal from the dollar markets as regards oil imports. And as regards our mutual trade turnover within CEMA, therefore embracing also the turnover between Poland and the Soviet Union, the following procedure for determining prices is in force, accepted by express agreement by all member states and

widely known by all, having been widely publicized by the media: prices are fixed for a period of 1 year, the opeative assumption being that the basis for the calculation is provided by the average world prices over the period of the 5 years preceding the year for which they are to be determined. It must be stated in clear terms that this system acted as a shock-absorber for us at the time of the notorious "oil price explosion" at the end of 1973 and the beginning of 1974, when, as we remember, there was a dramatic overnight increase in crude oil prices on the world market. Our system, together with the entire package of principles and practical applications of economic exchange and cooperation within CEMA, means that the oil we buy in the Soviet Union is far cheaper than in the West.

[Question] How much cheaper?

[Answer] To give you an example: In 1973 oil prices in the free capitalist market fluctuated at around $41 per ton, while we were at the same time paying our Soviet contractors $20 (in its ruble equivalent). In 1975 the respective figures were $92 and just under $50; in 1980, $240 in the West and $109 in the Soviet Union. This year we are importing crude oil from the Soviet Union at $187 per ton (calculated in its ruble equivalent) while in the world market it is quoted at about $237 per ton. It is true that this year we can observe a trend toward a certain slight drop in oil prices on the world market.

However, if we remember the principles of determining prices for CEMA's internal trade turnover, we should not find it startling that this change will be reflected here only in a few years' time, since this year's price for the Soviet oil was calculated on the basis of the average of the increases which took place in the world market over the past 5 years, that is, between 1978 and 1982, and they were quite considerable during that period. In any case, there was a similar time lag before the drastic 1974 price increases in the world market were reflected here. Then the price of oil jumped from the previous year's $41 to $105, whereas the price we were paying for oil imported from the Soviet Union was even slightly reduced (from over $20 to below $20).

To sum all this up, even with our growing numbers of motor vehicles and with all the needs of our industry we must keep within the amount of crude oil which we can afford to import. And, therefore, economical management of this fuel is the main order of the day. But there is an even more important lesson for us to learn and I have already mentioned it here. Namely, that we should acquire, here in Poland, the habit of rational, economical management of our resources and that this habit should stay with us "forever," and it should apply not only to oil but refined oil products.

CSO: 2600/745

GOVERNMENT PRESIDIUM ADDRESSES AKTIVS' ECONOMIC PROPOSALS

AU111111 Warsaw TRYBUNA LUDU in Polish 9-10 Apr 83 pp 1, 2

[PAP Report: "Government Presidium Discussed Results of Worker Aktivs' National Conference"]

[Excerpts] The Government Press Bureau reports that at its 8 April session the Government Presidium examined the conclusions posed for the government and state administration by the 30 March National Conference of Workers Aktivs. During the conference workers aktivs focused their attention on the government's conservation and anti-inflation programs, which were endorsed by the conference. At the same time, the conference participants put forward many valuable proposals and conclusions, which the Government Presidium assessed as crucial enrichments of the two programs.

The Government Presidium decided to include the results of the conference and of the consultations carried out in various communities in the annexes of the programs, which are now being examined by Sejm commissions.

The Government Presidium initially examined many specific proposals submitted by workers and assessed them as justified and urgent. One such proposal concerns the fair sharing of burdens associated with the process of extricating the country from its crisis. Another concerns the state's fiscal policy.

The Government Presidium instructed the minister of finance to speed up the registration of the population's incomes, in the first place of the persons making their living in nonagricultural occupations in the nonsocialized economy.

The Government Presidium carefully considered various proposals from various communities concerning the struggle against waste. These proposals list specific measures to effect economies and to increase productivity and output. The Government Presidium stressed the complete correctness of the proposals calling for restoring the proper proportions between the employment and wages of production workers and the employment and wages of administrative workers in plants. These proportions have been seriously disrupted in the past 2 years.

Many plants are already developing the government conservation and anti-inflation programs. Discussions are also continuing on how to adapt these programs to the specific conditions of work in individual plants. Giving high

praise to these efforts, the Government Presidium pointed out that the activities of these plants and the active and creative attitudes of many workers should be intensively publicized. The ministers of the economic departments were instructed to take interest in and publicize the practical experience of the plants that are exemplary in their efforts to implement the government programs.

At the same time, responding to workers demands, the Government Presidium instructed ministers to thoroughly evacuate inefficient plants in the next quarter, find out why they are inefficient, draw the necessary conclusions and define the necessary remedies.

The Government Presidium praised the demands of the participants in the National Conference of Workers Aktivs concerning the need to search for economies not only in production, but also in the public sector in the broad sense. The Government Presidium stressed in this connection that such economies should be effected through frugal management of funds, improved quality and discipline of work performed by all municipal public services and through resolute struggle against disrespect for public property and against vandalism.

The Government Presidium studied the draft decree issued by the Council of Ministers on the detailed tasks of the government plenipotentiary for resources conservation. The decree was signed on the day of the Government Presidium's session.

Taking into account the criticism of contracted prices and careful not to undermine the principles of the economic reform, the Presidium issued instructions that the control of the entire process of price-setting should be intensified and that severe sanctions should be applied against the enterprises and management that violate the legally established principles of price-setting.

The Government Presidium endorsed the draft changes in the decree on the rationed sales of goods. Only people who work or who are receiving various social benefits, students, farmers and those who qualify for other categories strictly defined by the Council of Ministers decree on goods rationing are entitled to receive ration cards. This means that those who avoid work and study forfeit the right to apply for a ration card. This solution was dictated by workers demands.

[illegible]rnment Presidium decided to include the proposals of the workers aktivs' [illegible] conference in the 1983 government activit[illegible] schedule.

Next, the Government Presidium discussed the issues of Poland's trade and development prospects of economic relations with socialist countries.

[AU111112] It stressed that the distinctive feature of Polish trade in 1982 had been the increased trade with the socialist countries and the decreased trade with the capitalist countries.

Trade with the Soviet Union will continue to be of fundamental significance in Poland's foreign trade relations; because of high imports from the Soviet

Union in excess of exports, Polish-Soviet trade in 1983 will not be balanced, and this is why the Soviet Union granted a favorable loan to Poland, just as it did in 1982.

The Presidium stressed that the general principle of the Polish trade policy vis-a-vis the socialist countries will be to increase trade by 8-9 percent annually over the next 3 years.

In this connection the Presidium drew attention to the need to intensify activities aimed at exploiting opportunities for developing economic cooperation with CEMA countries to a much higher extent.

In conclusion, the Presidium discussed the draft law on land use management and on the expropriation of real property.

The draft law is expected to lay the groundwork for the efficient management of the lands situated in urban and rural areas and set aside for nonagricultural and nonforestry uses. The Presidium decided to submit the draft law to the Legislative Council.

CSO: 2600/744

MINISTER FACES WORKERS, STUDENTS ON PRICES

PM210901 Kielce SLOWO LUDU in Polish 8 Apr 83 pp 1, 8

[Report on meetings held 7 April in Kielce between Prices Minister Zdzislaw Krasinski and the representatives of Kielce workers and students, including questions put to Minister Krasinski and his answers: "On Prices, Crusty Breadrolls and Public Consultation"]

[Excerpts] [Question] The campaign currently carried by our television aims at convincing the public that the main cause of our market imbalance is the excess amount of money in circulation. How can one have too much money if one's wage is very low?

[Question] Until recently our key industries dictated the level of the average national wage. Why has that been changed?

[Answer] I agree that there are very few people who have got too much money. It is nonsensical to talk about an unqualified excess. We recently carried out an audit of people's PKO [Polska Kasa Oszczednosci: National Savings Bank] savings accounts to find out how many millionaires we have in Poland. We found that one account in every 100,000 held a million. Therefore there are not so many of them. And now for the crucial question: An excess of money in relation to what? Is it in relation to the goods we want to buy with our money? That is not much? It is because the whole thing is all messed up by our low output of consumer goods. That is why we must effect a change in the structure of our industry. It is necessary to reduce output in those enterprises which do not produce goods for sale in the consumer marketplace and increase it in those which do.

The era of giving preferential treatment to the key industries is over, too. Now the small cooperatives which can produce articles for the consumer goods market will count for more than the enormous industrial giants. In the past we attached too much importance to developing heavy industry, and the crisis served to demonstrate that. And so we are not going to make any great fuss over heavy industry any more."

[Question] Is any work being done on determining a minimum living standard?

[Question] In your opinion, how much money does the average Polish citizen need to be able to feed himself?

[Answer] The minimum living standard was a concept that was very popular in 1979. Poland was strong then and was on the way to becoming even stronger. (Laughter from the audience.) At that time it was calculated that the said minimum would include, among other things, 3 kg of lemons, and that we would all be going away twice a year on vacation. Wishful thinking, all wishful thinking, without any consideration for the obvious realities. Now the whole concept has been subjected to criticism, so we have abandoned it. On the other hand, it will now be necessary to prepare and present for public consultation a shopping basket containing articles of basic necessity, which must be safeguarded by determining official prices for these articles.

We are currently auditing 10,000 family budgets in the country. There are some families in which people live on Z50 per family member per day. (Indignation in the audience: "But this means destitution!") But there are also families, whose spending rate reaches Z250 per head. The average daily expenditures comes to Z78-80 per family member, that is, Z2,400 per month. [as received]

[Question] When will prices become stable?

[Question] Why do our children cost us so much (in toys and books)?

[Question] Minister, what will the situation be in 5 or 10 years' time?

[Answer] I will answer with another question: Why should prices be fixed if wages are continuing to rise? It is real income that must grow! If we are to have a higher living standard, our incomes must be ahead of any price increases. I am addressing you, the young people, to teach your children these three first words first: mother, prices, father--in that order. Prices must and will undergo fluctuations. Moreover, everybody wants to earn a lot of money. But you should also add up all you are getting [free]: 43 percent of your ZUS [national insurance] contributions toward your pension; free medical care; free education. We could, of course, give you Z20,000 salary [per month] and expect you to pay for all that yourselves. Is this what it is all about? I agree that toys are expensive--but I think that children should be taught to take care of their things and one can only take care of that which one has not got too much of. From here it is only one step now to the subject of wastefulness and of what is in store for us in 10 years' time. If we continue to waste our raw and other fabricating materials, as well as energy, at the present rate, if we persist in treating our common property so carelessly, if we do not learn to really conserve our resources, then the vision of the future does indeed look bleak and depressing.

On Crusty Breadrolls

[Question] Minister, this hall in which we have met might well be called a national remembrance hall by now. We have heard many declarations from many important personages here. These declarations were not realized. Do you intend to add your declarations to these too? I am thinking of those crusty breadrolls you were promising us, together with a wider choice and better quality of bread.

[PM210902] [Answer] I am known to the public as a bete noire, and my popularity takes the form of bitter notoriety, so I will speak nothing but the truth, for it can no longer hurt me, or help me either. (Laughter from the hall.) If you have a farmer among you here, then try and talk to him. We are finding it impossible to procure 5 million tons of grain. There is only enough rye in the stores to last until October, and hardly any wheat at all. We have to buy all our grain abroad. Can anyone bake good bread with such an assortment [of flour]? In addition to that, as soon as our state bakeries heard about the planned price rises, they promptly changed their recipes to inferior ones. Perhaps it was just a coincidence.

On Public Consultation

Now I want to put a question to you. I regard public consultation as a very serious matter. But I do make a distinction between consultation and negotiation. We do want to have your opinion, but then we can either take it into consideration or not. It is the same with a doctor who is responsible for his patient's health and who consults his colleagues about his method of treatment--but he still remains the only one who answers for the patient. We have no experience in this matter. How should it be done: on what principles should the trade unions be selected for this consultation?

An answer was given by a member of the Board of the Independent Self-Governing Trade Union of the Employees of the Iskra Antifriction Bearing Factory, Jerzy Walasek.

[Question--presumably Jerzy Walasek] Minister, perhaps we should start our talk not with a debate on prices but with such a concrete subject as, for instance, the list of commodities which I will need to defend [in order to avert price rises], since they constitute the basic necessities of life.

[Answer] I understand. First, let us make some lists of the articles which are to be compensated for by, say, quicker wage increases and lists presenting those wage increases and only then proceed to a debate on prices. This is a valid suggestion and I do accept it.

[Question] Price increases ought to be gradual, not move by leaps and bounds. Why are they not gradual in Poland?

[Answer] I am also of the opinion that prices ought to go up gradually. The 1970's prices freeze, which was maintained for several years, caused the sharp increase that took place 2 years ago. Unfortunately, this situation might occur again, since prices have remained constant for these past 2 years. And so it is quite possible that we may need to increase them again quite sharply in some 2 to 3 years' time.

[Question] The job of implementing the reform is progressing very sluggishly--have we not embarked on it prematurely?

[Answer] No. We could not have waited any longer. The command-directive resources allocation system which used to be the rule in our economy has

already led the country into crisis, and it was imperative that we get rid of it as soon as possible. You say that the results are nowhere to be seen? We need a little patience: It has only been some 9 months, and that is not long enough to form an assessment.

[Question] Do we know the extent of hidden inflation in Poland?

[Answer] There is no hidden inflation in our country, just as there are no hidden price increases.

[Question] Holders of foreign currency accounts can no longer withdraw their own money. They are paid out in foreign currency tokens instead of dollars. This cannot be right.

[Answer] We needed the convertible currencies to rescue the economy. Given a situation similar to that which our country found itself in, any government would have made the same decision.

CSO: 2600/741

DILEMMAS OF WAGE-PRICE SPIRAL VIEWED

Warsaw KURIER POLSKI in Polish 4-6 Mar 83 p 3

[Article by Zenon Budny: "Wages, Prices, Expenditures: Stop the Merry-Go-Round"]

> [Text] A wise old adage says that money does not bring happiness. Indeed, it can be applied--as one might guess--to particular types of people, no less than to entire societies. One example: our present situation, in which we have more and more money but can buy less and less with it with greater and greater difficulty.

The fact of the matter is that it isn't really important how many banknotes you have in your billfold, but what they are actually worth. It is a fact that wages are increasing, but prices even more. While, in effect, the zloty rides the merry-go-found of inflation faster and faster, real incomes fall, living costs go up, and the great majority of families are worse and worse off. But the noose of the crisis does not relax in the slightest.

How to stop the merry-go-round? Those who love to cut the Gordian knot have had an answer ready for a long time: Put an end to wage increases and raise prices--and the trouble is over. The prescription, however, is not as simple as it seems on the surface. And what is most important, one can doubt its effectiveness. The fact of the matter is that inflation is an economic phenomenon, but the effects of inflation have a large degree of influence on the social sphere. And it is this aspect of the problem that cannot in any way be neglected.

Two weeks ago we published in the KURIER a consultative questionnaire compiled in the Price Research Bureau that contained proposals, or rather suggestions, of price increases in some goods and services. The response was enormous, and it exceeded the circle of our paper's readers. Though this questionnaire was purely in the nature of a poll--which we stressed many times (the KURIER being merely an intermediary)--many persons quite wrongly interpreted ti to be out intentions and accused our editorship of allegedly exhorting price increases. What do these reactions reflect? A misunderstanding of the essence of the problem--that is for certain--but they also reflect what a thorny question prices are today. You only needed to touch upon the subject to immediately raise a storm.

And this is not by any means a storm in a teacup, for the problem is really extremely serious and complicated. Everyone knows quite well that our standard of living has fallen alarmingly. If we compare end-of-year 1981 with 1982 prices, it turns out that baked goods prices increased by 80 percent, dairy products 147 percent, meat 203 percent, animal fat and vegetable oil 214 percent, restaurant food 111 percent, etc. This is only in the food trade. But in other areas prices have not remained fixed; for example, clothing has gone up an average of 76 percent, footwear 83 percent, furniture 111 percent, heating and fuels 131 percent. And what about expenditures connected with health protection, recreation and cultural needs? Though we come away from the cashier's window with thick billfolds, in reality poverty is staring us in the face more and more frequently, and more and more families are having difficulties in making ends meet. From the letters that have come to our desk after we published the consultative questionnaire this situation has been made quite explicit.

In this situation it is difficult to be surprised that the prospect of successive price increases produces such strong and unequivocal emotions. There exists something like a barrier of societal resistance--and it is difficult to determine where it will lead and when it may explode, but one thing is certain: the danger of such a moment exists. It seems that an awareness of this fact ought to impose a far-reaching prudence in undertaking decisions on prices, especially those which can have an impact on a significant part of society.

Does this mean that prices must be frozen at the present level? Such a stipulation would be completely unrealistic, because prices are going up all over the world and we too cannot escape this. The fact of the matter is only that these processes cannot have a purely draining character, but should encompass very carefully-selected areas of the market. Soon we must share in the hardships. Let there be on the list of price increases tangible goods and not imaginary luxuries. For neither cigarettes, nor better grades of pork-butcher's meats, nor gasoline are luxuries. One can do without color television, but one shouldn't have to forgo black and white television. ONe can do without caviar, but then ham is quite a different story. It is up to economists, sociologists and, above all, dissidents to define in due measure precisely the "boundary line of luxury," because what we keep on having is utter confusion of ideas.

Wages likewise are a vexing problem. An absolute freeze? That would be the simplest solution. But let's reflect on where this leads to. Of course such a freeze on wages would shatter the mechanisms of motivation. Let's not deceive ourselves: without strong economic incentives we will not obtain higher productivity, and this is the sin qua non for the success of the reform and a way out of our crisis.

The fact is that the present wage solutions are imperfect, which is borne out in some enterprises by a drop in productivity and a decrease in production, while wages increase. There cannot be, however, any argument advocating a wage freeze. Indeed, it is not a question here of increasing incomes but production. And that is why, without taking into account

the demagogic reservations of egalitarians, it is therefore necessary to abide by the principle: Better pay for better work. This is the meaning of reform and its needs of the moment.

Side Roads and the Superhighway

We talk of inflation, curve, gap, flight of the zloty... more and more frequently discussions of these problems take on an alarming tone. But what is actually being done to get this situation under control? It is hard to deny that so far this whole game is really made up of just two movements: first, wages rise, then price increases immediately follow in the wake of this. The opposite can also happen--first prices rise, then wages. So we are continually going around in circles. Is it normal for the entire burden of the fight against inflation be borne on the shoulders of Minister Krasinski? After all--we will repeat it one more time--price-creating movements must be just a part, and by no means the largest, of a broad anti-inflationary program. This has been very strongly emphasized in letters we receive from our readers.

From these rather enigmatic declarations which finally get down to the matter at hand, it appears that such an anti-inflationary program has already been generated but with much pain. There is no doubt that it is very much belated, but in the final analysis it is better late than no program at all. However, there still remains the question: In what areas ought the future anti-inflation battle unfold?

Prices and wages have already been discussed. But parallel with financial moves, broadly-perceived disciplined economies must be pursued. Let's take for example the problem of employment. One can no longer tolerate excessive cadre increases in administration. If any body has any doubts about this, he should become acquainted with the results of the consultative questionnaire, where a definite majority of the respondents were in favor of significant economies in this area. It is also hard to agree with the statement that there are too many workers in some production workplaces but a shortage in others. It so happens that with a state of full employment factories give evidence of their limited productive capabilities, while on the other hand where there are unutilized powers, there is a shortage of people. This state of affairs simply cannot be maintained.

Another problem is budgetary expenditures. It is well known that a large "hole" exists in the budget which cannot be filled. Thus, very soon one cannot count on suffucient revenues needed to reduce expenditures. Without a doubt, economies are indispensable. But the matter is also extremely delicate. For example, voices have been heard to say that it would be necessary to restrict considerably social services, including health service, pensions and retirement benefits, etc. You don't have to be a prophet to preduct what society's reception of such decisions would be... Besides, the results of the questionnaire attest to this too.

It appears that attempts so far at combatting inflation assign too great a role to prices, wages and social expenditures, and too little attention is devoted to the basic problem--the influence of the market and the increased supply of goods and services. It is necessary to look for the source of inflation not just in prices and wages but, first of all, in ineffective operation of mechanisms of production, in poor qualitative and quantitative standards, and in the meagre output of work. There is a superhighway that leads back to a goods-money balance through market production. Raising prices and freezing wages are only side roads, which one needs to use only as a last resort.

High Stakes

Production of consumer goods has been neglected by us for many years. The washing machine factory loses out to the steel mill, the manufacture of furniture to the cement plant, the textile plant to the shipyard. The latter have always had the means for investment and a fund for their workforces, while the former have been short of everything. As a rule, this was concealed by a "short-term cover-up" under so-called sector A (capital goods), while so-called sector B (consumer goods) was revealed. The average consumer did not feel any shortages because the supply gap was plugged by imports. In fact, only now has it beocme evident how bad off our market production has been.

Someone will ask whether imported goods have really "propped up" the market? Of course there are not only Austrian shirts in the stores but shirts of Polish manufacture, the "Wolczanki" brand. Aren't Polish washing machines to be found next to those made in Yugoslavia? Haven't French cosmetics been brought in, but isn't it the Polish cosmetic "Pollena" that has taken up most of the market... Agreed, there is no foreign exchange for imports, but what are we going to do with our domestic products?

Now, the fact of the matter is that domestic production of market goods is dependent in large measure on imports. Sometimes it is a question of basic raw materials, sometimes a small but indispensable element. At present there is a shortage of foreign means of payment. This dependence on foreign deliveries "lays low" many a production plant. Today a lot of people talk about substitutes, about switching over to substitute raw materials, but such devices are not possible in all cases and, even if they are, this requires, as a rule, much time and labor.

Contemplating past shortcomings does not lead anywhere. We must realize that there is no other way out but to bet on market production and strive with all one's might toward increasing the production of consumer goods. It is necessary, first of all, to investigate in individual plants whether the shortage of raw materials are the barrier which restricts quantitative capabilities. It is well known, for example, that in the food industry, as well as in light industries, there exist considerable cadre shortages due to low wages--shouldn't we "get to work on" just this kind of problem, even through reduced deduction rates to FAZ and

and increase in the wage fund? Aid from industries supplying capital goods is also indispensable to plants working for the market; therefore, supplies for food, clothing, footwear, furniture factories, and the like, must get top priority.

It is not a question, clearly, of a return to the command system in managing the economy. The crux of the matter is based on releasing economic mechanisms that will induce structural changes in industry, and this will make market production much more profitable. Reform creates real potentials, but they are being utilized to a minimum degree for the time being.

People adept in economics have already calculated that if one could restore market production to the 1979 level, then, given the present high level of prices, inflation would disappear like a bad dream and there would not be enough room in the stores for goods. This certainly is not a prescription than can be easily implemented. But in one way or the other, it is the real key to making our economy healthy again and improving the conditions of 36 million citizens. Let's admit it--the game is worth the candle.

9866
CSO: 2600/645

TIMING, COSTS, ROUTING OF WARSAW METRO PROJECT DESCRIBED

Warsaw TRANSPORT MIEJSKI in Polish No 1, Jan-Feb 83 pp 10-11, 13-14

[Article by Bohdan Zun: "We Introduce the Warsaw Metro"]

[Excerpts] Course Route

The task of line 1 is to connect the southern residential district Ursynow-Natolin with the central city and with the Steel and Iron Works in the north. The following community complexes, moreover, are located along the route of the metro: Sluzew, central Mokotow, central Zoliborz, Bielany, and also Mlociny. The line will run through the future district center for Mokotow and Zoliborz. There will be a direct connection with railroad lines at the Central City Station, and at the Gdansk Station, and with the State Automotive Transport [PKS] at the South Station and at the Marymount Station; in addition, there will be many transfer connections with surface transportation.

The line begins at the Natolin Station; then it runs through the whole length of a tunnel along the axis of the four-lane Street of National Education Commission, which is the geometric axis of the complex of the Ursynow-Natolin communities. After crossing Dolina Sluzewiecka Street and the Sluzewiec Creek, the line runs through the community of Sluzew-on-the-Dolinka and it arches to reach Pulawska Street, at the place of the former location of a commuter narrow-gauge railroad. This is an important location, from the standpoint of urban construction and transportation. The administrative and commercial center of the Mokotow district is to be constructed here in the future. Plans are being drawn up for a transfer point from the metro line to streetcar, bus, and trackless trolley lines; these plans also include construction of a large parking lot.

From the region of the South Station, the line runs along Aleja Niepodleglosci [Independence Avenue] as far as Rakowiecka Street, and then at an angle through the eastern part of the Mokotow Field to the Wawelska Station, where the first stage of the metro construction is expected to end. At this station, mass transfer of passengers will take place, in connection with the possibility of tranfer to transportation lines which run along the Lazienkowska Route.

From the Wawelska Station, the route runs under Warynskiego Street and then, beginning at Plac Konstytucji [Constitution Square], it follows the artery of

Marszalkowska Street. After crossing Aleje Station which is located in the vicinity of "Wars" department store. This is a station with the greatest anticipated passenger transfer capacity due to its central location in the city and its connections with the midcity railroad line (Central City Station) and with the traffic artery running along Aleje Jerozolimskie [Avenue].

Next, the metro line runs under Plac Defilad [Military Parade Square], and crosses Swietokrzyska Street, where a station will be located on the site of the present commercial pavillions. Continuing along the present streetcar route, the line reached Dzierzynski Square and runs under Nowotki Street, along which it reaches the Gdansk [Railroad] Station. The [metro] station there will have direct connection with railroad platforms. In suburban [commuter] traffic, the Gdansk Station will be important mainly for passenger service from the so-called Northern Residential District (Bialoleka, Choszczowka) and from the surburban belt (Legionowo, Chotomow, Nowy Dwor).

The second stage of the construction of line 1 ends at the Gdansk [Railroad] Station.

Past the Gdansk Station, the route of the metro runs under local Felinskiego Street in order to come out onto Slowackiego Street in the Region of Paris Commune Square. Then it runs along Slowackiego Street, passes near the Marymoncka Market Hall, in the so-called Slodowiec Hollow it crosses Armia Krajowa Highway route and reaches a station in the region of the present Marymount bus station. This is the location of the future shopping and service center of the Zoliborz district. From this region, the line follows a straight course under Kasprowicza Street in the vicinity of the Bielany and Brzeziny residential communities--to its terminal. The terminal is located near the main entrance of the "Huta Warszawa" Iron and Steel Works.

TABLE. The Cost of Stage I, Based on Construction and Assembly Work in 1982 Prices

Design and construction work	23,700 million zl	77.8%
Electric power work	1,200 million zl	4.0%
Trackage work	1,350 million zl	4.4%
Installation work	310 million zl	1.0%
Train traffic control work and communications	310 million zl	1.0%
Miscellaneous work	3,600 million zl	11.8%
Total	30,470 million zl	100.0%

Program of Implementation of the Construction of Metro Line I

Stage	Task	Cost [billions zl]	Length of section [meters]	Period of implementation of preparatory work
I	Section Natolin-Wawelska	36.3	11,987	1983-1990
II	Section Wawelska-Gdansk Station	21.9	4,606	1986-1992
III	Section Gdansk Station-Warsaw Iron and Steel Works	19.0	6,571	1986-1994
Construction and operating facilities		7.8	-	successively 1983-1994

The technical servicing station (depot) will be constructed at the south end of the line in the immediate vicinity of the Kabacki Forest.

Rolling Stock and Traffic System

According to an agreement, signed by the government of Poland and of the Soviet Union, Warsaw will receive, free of charge, the rolling stock produced in the Soviet Union--including 90 railroad cars. These railroad cars will be part of a series which will be produced at the time of delivery, i.e., they will be probably of the 817171 type. This is the rolling stock that operates on a metro line in Prague that was recently opened to traffic. The Soviet-made metro rolling stock is characterized by great safety and reliability in traffic, due to the high technological quality and great simplicity of its equipment, produced in large lots.

With regard to operations, it is anticipated that 4-6 car trains will operate in the first stage every 150 seconds, with a possibility of increasing this frequency to the 90-second limit.

Train traffic will be regulated by an automatic signal system. A central dispatching office will control train operations and power supply facilities.

Order and Staging of Construction

Due to the ongoing construction of the Ursynow-Natolin complex of residential communities and to the anticipated placing of the service depot near the Kabacki Forest, it has been decided to start construction at the southern end.

Stage I of the implementation [of the construction] will include the section from the Natolin Station to the Wawelska Station, and it will facilitate transporting the inhabitants of the U-N complex of residential communities and of central Mokotow to the edge of the central city district.

Stage II of implementation envisions extending the metro line to the Gdansk Station and, thus, this line will already have run through the entire central district of Warsaw.

Stage III will be the completion of the entire line and opening the entire line to traffic.

Construction of supporting facilities, and deliveries of rolling stock, will also be staged in relation to [construction of] sections of the line.

Cost and Materials-Intensiveness of Construction of Line I of Metro

In conformity with the technological and economic assumptions which were approved in August 1982, the cost of line I of the metro is to amount to 85 billion zlotys. In principle, this cost corresponds to the cost which was calculated 7 years ago, after applying appropriate increase coefficients which take into consideration the general increase in the cost of labor, materials, and equipment.

This increase in cost is due, among other things, to the fact that the first section to be constructed will no longer run through an open field which existed in this place 7 years ago, but through a residential community. This has resulted, e.g.. in cheaper excavations in natural slopes being changed to expanded excavations. In turn, a reduction in cost has resulted from, among other things, the declared offer of a free gift from the Soviet Union--90 railroad cars for stage I of implementation. In the period of the greatest accumulation of work, the construction of the metro line is likely to require spending 7.5 billion zlotys annually. We can add, by way of comparison, that in the year of the greatest accumulation of work on the construction of the Torun [Highway] Route in Warsaw 4 billion zlotys was spent, in comparable prices.

In the area of consumption of materials, the construction will require annually, e.g., 100,000 tons of cement, 110,000 tons of aggregates, and 12,000 tons of reinforcing steel; this represents approximately 8 percent of consumption of all materials that are used at present by the Warsaw construction industry.

In relation to domestic production, the [metro] needs for cement represent 0.25 per-ent, while those for steel represent 0.15 percent. As seen from the above comparisons, metro construction in Warsaw is a very large investment; however, it is fully comparable in size not only with large industrial projects but also with community investments.

The presented social and economic study of the purposefulness of construction of line I of metro has demonstrated that--in addition to its functional advantages--this investment is economically and socially justified. It will result in lower per-passenger transportation cost and in reduction of travel time. Considering comparable cost of investments which are related to maintaining surface transportation--in the absence of a metro line--the study proves that the outlays for metro construction will be recovered in 8-10 years.

1. Central City District
2. Constitution Square
3. Dzierzynski Square
4. Gdansk Station
5. Mlociny-Iron and Steel Works

Drawing [No.] 3
Drawings were made by the "Metrorojekt" Office of Design of Community and Social Construction [BPBKIS Metroprojekt]

9577
CSO: 2600/620

ECONOMIC MECHANISM FUNCTIONS TO INCREASE EFFICIENCY

Bucharest ERA SOCIALISTA in Romanian No 3, 10 Feb 83 pp 17-19

/Article by Dr Cornel Iuga: "Main Requirements for Applying the New Economic-Financial Mechanism and Workers Self-Management"/

/Text/ As Nicolae Ceausescu said in his speech at the Ceremonial Assembly in Bucharest, "We must place every emphasis upon intensive growth of economic effectiveness and unfailing application of the new economic mechanism in all activities."

Constant improvement of the organization, management and planning of all socioeconomic activity and continuing adjustment of the economic-financial mechanism to each stage of the nation's development are essential points in the strategy and tactics of the RCP and the Romanian state. Based on realistic analysis of the application of the new economic-financial mechanism, the results obtained and the deficiencies that have appeared in that area and soundly substantiated in Nicolae Ceausescu's Report to the National Party Conference, the measures for further improvement of the mechanism harmoniously combine, in one dialectical conception, the advantages of uniform management of the economy according to the Uniform National Plan with those of economic-financial self-administration in the socioeconomic and territorial-administrative units.

The essential aim is to enhance the socioeconomic units' role in formulating their own developmental plans while more effectively involving the workers collectives' responsibility for highly efficient management of the propert entrusted to their administration. As Party Secretary General Nicolae Ceausescu pointed out, "We must introduce a strict regime of economy in all sectors and see that every leu expended or invested in any field will lead to maximum economic effectiveness and greater national wealth. In their capacity as owners, producers and beneficiaries, the workers and the entire people bear full responsibility for the good management of socialist property and must work so as to contribute to the greater economic effectiveness of all activities."

The RCP regards greater economic effectiveness and the intensive type of development as major imperatives that must govern all present and future socioeconomic activity. With the telling contribution and impetus of the party secretary general's innovating spirit, economic effectiveness has been completely integrated in the strategy of Romania's accelerated all-around progress and has become

a basic principle of economic management for purposes of mobilization and concentration of all resources in the areas critical to the strong and balanced development of Romania's productive potential. For the sake of effectiveness options and priorities are determined and adopted that will make it possible to make the best use of the natural resources and of the Romanian people's creative and working potential, to secure an adequate correlation between the development fund and the consumption fund, to attain optimal proportions in economic development, to promote qualitative structural changes in the national economy as a whole and within each sector, and to obtain an output of higher quality at the lowest possible costs.

In view of the current and long-range requirements of the national economy and the necessity of preventing and curtailing the bad effects of the worldwide crisis phenomena, the National Party Conference adopted, as we know, a series of programs both for more intensive development of the domestic base of raw materials and energy resources (especially by exploiting reusable material resources) and for recovery of the investments made for this purpose through intensified industrial processing of all material resources, more pronounced reduction of raw material and energy inputs and production costs, and greater labor productivity or, in other words, through considerably higher economic effectiveness in all sectors of material production and especially in the processing industries. And as it was also pointed out at the National Party Conference, there are possibilities of actually increasing production in most of the processing sectors with no additional inputs of new raw materials or materials by making more intensive use of them and by utilizing the recoverable and reusable materials and parts. Accordingly the additional funds planned for accelerated development of the extractive and energy industries are to be secured by more pronounced reduction of production costs. The existing reserves in this area are emphatically demonstrated by the "peak" results obtained by the leading enterprises in all production sectors and also by comparisons of the material inputs for comparable products in Romania and in other countries.

It is noteworthy that the savings expected in this five-year plan from reduction of production costs throughout the national economy will provide about one-third of the cash resources needed to finance the net investments, so that obtaining high effectiveness in all activities is an endeavor wherein the political and the economic are combined to the highest degree. Therefore in socialist society effectiveness is not and cannot be a result of economic automatism but of purposefully and scientifically managed socioeconomic development. As Nicolae Ceausescu pointed out, "The effort to enhance the effectiveness of material production and the quality of Romania's entire economic activity is a basic consideration of socialist construction in the present stage. Achievement of that aim will secure Romania's increasingly dynamic development in the direction of progress and welfare and accelerate its advance on the path of socialist civilization."

In view of the outstanding part played by economic effectiveness in multiplying the possibilities for development of the productive forces an improvement of the living standard, the economic-financial mechanism will provide the background and essentials for the encouragement and incentive for all participants in the process of expanded socialist reproduction to obtain the best possible results in the shortest possible time and with minimal outlays. That is the purpose of

the measures for further improvement of planning, technical-material supply, investments, foreign trade, the financial and price system, and the organization, standardization and remuneration of labor. The measures are primarily intended to stimulate greater economic effectiveness and to correlate every unit's material, technical and human potential far more closely and directly with the results it is to obtain in growth of physical, commodity and net production, in promotion of exports, and in reducing material inputs, which results determine the extent both of the resources and possibilities for self-financing and development and of the workers' incomes.

Practically speaking, the new economic-financial mechanism channels efforts toward the qualitative problems of economic development, toward attainment of the greatest possible economic effectiveness. Among the components of the mechanism we think the system of plan indicators and the economic-financial levers play a particular part in encouraging the units and workers collectives to mobilize the potentials and reserves for more intensive growth of economic effectiveness because the action of the plan indicators and the economic-financial levers is now concentrated in two main directions, partly upon correlating the resources advanced to the enterprises by society and the plan tasks as closely and directly as possible with what the enterprises are obligated to give society in return, and partly upon making it possible for the potentials for forming the funds needed to to conduct and develop the economic activity, as well as certain material advantages granted the units, to depend primarily and as far as possible upon their own economic-financial results.

Nicolae Ceausescu's recent statements about the way the correlation between production and remuneration is to be regarded and applied are of the greatest theoretical and practical importance in this connection. As he pointed out at the recent working session of the RCP Central Committee, beginning on 1 March 1983 throughout the whole economy "The possibility will be created, and must exist, for actual use of the established wage fund according to the output obtained alone and not according to the number of workers." Of course technical and organizational measures must be taken everywhere to permit higher labor productivity and better economic results in physical production, profits and profitability with fewer people who are better assigned and used in production.

The essential feature of the improved system of plan indicators is its more correct gradation of the indicators with emphasis upon those expressing final activities and effectiveness of development. Three indicators are of quite outstanding importance in the planning and management mechanism, namely net production, physical production and commodity production sold and paid for, which reflect the essential aspects of economic activity. Net production, as a basic plan indicator for industry, state agriculture, construction and transportation that expresses the newly created value and the productive units' contribution to the national income, makes both the quantitative and the qualitative aspects of each enterprise's activity commensurate and more accurately reflects eac one's own efforts to increase the volume of physical production in the assortment needed by the economy. This indicator also permits more accurate evaluation of progress made in better use of production capacities, reduction of material inputs and growth of labor productivity, and it reflects the economic units' contribution to the national income.

But no one, neither the economy as a whole nor any citizen, can meed his needs on the basis of value indicators, however expressive they may be. We need material goods and physical products to meet the specific demands of the national economy and the public. That is why "physical production" was introduced as a major indicator in the management and planning system alongside the "net production value" indicator, so that the economic units will try to meet not only the value indicators but also the assortment required by the economy at a given point.

What is more, as the party documents point out, the fact that the system of indicators is based on the net production value and production in physical units is not sufficient either, because we do not produce for the sake of producing: The material goods must be converted to commodity production and the latter in turn must enter the respective economic cycle to be sold and paid for. The "commodity production sold and paid for" indicator expresses the purpose of the economic activity and the certainty that every product was required by the economy and the public, that its value has been collected, and that the economic cycle can start up again. Reconsideration of the role of this indicator in the new economic-financial mechanism has encouraged the enterprises to learn the beneficiaries' requirements better and made it clear that an enterprise's mission is to produce according to the social need as verified on the market by sales and collection of the equivalent value, permitting restoration of the enterprises' financial resources needed for continued and regular productive activity.

To encourage the units to produce only what is in demand on the domestic and export markets, beginning with 1983 the wage funds of the state industrial enterprises are to be released by the banks in proportion to fulfillment of the plans for physical production and for commodity production sold and paid for. This measure stimulates the cash-goods-cash economic cycle and induces the producers to study the plan-market ratio more carefully, to secure their portfolios of orders, and to know their customers' preferences and characteristics, determining the rate of rotation of their capital in that way and enhancing their economic effectiveness accordingly. The great reserves of this kind are indicated by the fact that in some economic units, especially machine building plants, the stockpiles of finished products and the value of invoices issued and not honored because they are still in clearing are now equal to the planned output for 2-3 months and sometimes even more. There is no question that the enterprises' efforts to deliver and collect for their output will be firmly supported by the banking organs through measures to help expedite the clearings in the economy, since they know there is a long interval now between dispatching and invoicing goods, and it has even shown a tendency to lengthen.

As the qualitative aspects of economic activity are emphasized, the effectiveness indicators for use of manpower, raw materials and materials, and fixed capital become increasingly important. Better use of available time is a main concern for all planning, for proper distribution of labor resources among sectors, subsectors, products and services, and for the most productive use of the labor force in all social activities. Accordingly, introduction of the enterprise's total available working time expressed in man-hours as a plan indicator plays an important part in proper proportioning of the manpower requirement and in stimulating growth of labor productivity.

The most efficient use of material resources and the need of obtaining the highest possible values per unit of processed raw amterial have made it necessary to extend the indicators reflecting the extent of their exploitation, the consumption norms and standards, and the use coefficients. These indicators also serve to substantiate the material reserves and the material balance of development. And to express the intensity and results of use of fixed capital, wide-scale use of such effectiveness indicators as net production, commodity production, and profits per 1,000 lei of fixed capital has begun in planning operations.

In the new mechanism the economic-financial levers are fully integrated on both the macroeconomic and microeconomic levels in the series of organizational, management and planning methods, forming a single whole and operating in correlation with them so that any productive activity will meet a real need and continually improve the ratio between the results obtained and the social labor outlays. Essentially, the economic-financial levers will be used to provide the background and incentives necessary for every economic unit to be profitable and to operate so that the incomes obtained will cover all its expenses and contribute to the general resources earmarked for national socioeconomic development.

Minimum standards for the financial results expected of each enterprise have been set in keeping with the requirements of the new mechanism and of economic-financial self-administration. The units are not required to produce financial results of any given magnitude, but at least enough so that they can return the funds entrusted to their administration to society within a given period. This measure can heighten, by economic means, the responsibility of the enterprises and their supervisory organs in the choice of ways of accomplishing the developmental objectives and increasing production by better use of the capacities they have and by higher labor productivity or, in other words, by means of the intensive factors and by resorting to investment funds only in well-justified cases. Clearly intensified production and the resulting reduction of investments are more profitable for both the units and society, and the new economic-financial mechanism concentrates efforts in that very direction.

In order to meet the demands of expanded socialist reproduction, the new economic-financial mechanism and economic-financial self-management require the economic units not only to produce results out of which to cover their obligations to society by restoring what they have received from it, but also to produce results such that they can make their contribution to general social development Therefore the obligation was instituted for the industrial units to make certain payments out of their net production into the state budget for society's use. The levy of part of the net production value on behalf of society is set in quotas differentiated according to ministries, centrals and, in justified cases, enterprises as well, depending upon the volume of profits, the profitability of the output, and the needs of self-financing. About one-fourth of the state budget's total revenues are now procured in that way. Upon a more intensive analysis it may be said that the levy on net production is a minimal standard of effectiveness for a given unit's productive activity.

If the requirements of economic-financial self-management were confined to the foregoing, one might ask: The units cover their outlays, return what they have received from society, and make their contribution to general social development, but what do they get out of their activity? Do they have any incentive to obtain increasingly good results and profits? In reply to this natural question

it should of course be pointed out that the new economic-financial mechanism provides that after the units have met their social obligations the profit made shall remain at their disposal for self-financing, that is for forming the funds needed for expanded reproduction, production development, etc. The units form their "economic development fund" and "circulating capital fund" out of the profits they make. The industrial units now retain about 45 percent of their profits for self-financing of current productive activity and for development, encouraging them to obtain increasingly good results to provide the resources they need for self-financing.

Placed on a normal economic basis, the material incentive is enhanced because it is regarded as both an incentive and a responsibility in the use of the entrusted funds. So regarded, the incentive is a major means of heightening the units' interest in greater economic effectiveness. Actually, the units are encouraged to keep lowering costs and to make increasingly large profits because they know they are the ones who can use a part of the profits and can develop and improve their technical-material base and production structure.

In the new mechanism the material incentive is not confined to the units, for it is a well-known fact that ultimately the main role in the production process is played by the workers, since they are the ones who create the material goods. It was absolutely necessary for the workers collective to have a direct interest in the greatest possible profits and the best possible performance of the unit where it works. To meet this need, it was arranged to form a "fund for housing construction and other social investments" out of the unit's profits for purposes of improving the housing and living conditions of the workers in the respective unit, as well as a "social fund" to cover the costs of creches, kindergartens, leaves for treatments and rest, etc.

The new mechanism also contains regulations governing each worker's individual interest in the efficiency and greatest possible profits of the unit wherein he works. To this end, the workers will be able to contribute sums of money in the form of social shares to the development of the fixed capital of the enterprise wherein they work. As the party secretary general pointed out in his Report to the National Party Conference, "Holding a social share in the enterprise's property will even further enhance the feeling of ownership of socialist property and the effort to protect and develop the economic units and to further profitability and efficiency in all social activities. In proportion to the size of the social share deposited and the economic-financial results of the unit, the workers receive an additional income out of the profits that will induce them to play a more active part in self-management and in discovery and application of measures to increase profitability and profits. Moreover a fund for workers participation in production, making profits, and profit sharing has been formed via the new mechanism, which fund will be considerably enlarged during the current five-year plan and will increase the proportion of workers incomes out of profits in their total incomes.

The institution of contributions of social shares to the formation of the economic development fund on the part of the workers in the socialist economic units, as well as the improved profit sharing system, can further the efforts of the workers collectives and of every worker toward exemplary fulfillment of their tasks in the Uniform National Plan and of the budget of incomes and outlays and

toward production in the planned quantity, quality and assortment and with the specified inputs and costs. It can develop the cohesion of the workers collective and its members' spirit of friendly mutual aid, and it can limit and eradicate manifestations of indifference, shirking, and violations of production discipline.

On a more general level, it can be said that the new mechanism and the measures for its further improvement are not only profoundly influencing the efficiency of economic activity and the incentive to increase effectiveness and profits but are also helping to develop the workers' awareness as owners, producers and beneficiaries of the results of their labor, developing their sense of responsibility for public property, and making it more and more clearly understood that satisfaction of personal interests increasingly depends upon satisfaction of the general and collective interests, and that the incomes of each inevitably depend upon the results of the unit wherein he works.

Consistent application of the measures for further improvement of the economic-financial mechanism requires greater efforts by the workers councils and the financial-banking organs to manage the national wealth with great efficiency, to strengthen order, discipline and responsibility in the use of the material and financial resources entusted them by society, to institute a strict regime of economy in all activities, and to procure the financial resources needed to carry out the great aims of national socioeconomic development and improvement of the people's material and cultural living standard. The radical innovations that have been and will be made in development of the productive forces, in scientific social management, and in widespread promotion of socialist democracy confirm the RCP's ability to apply the general truths of Marxism-Leninism creatively to Romania's particular characteristic conditions and to discover and apply ways and means of management that are suited to the needs of each stage of Romania's evolution, thus providing for the improvement of socialist relations and the rapid and all-around progress of society as a whole.

5186
CSO: 2700/165

SOCIOPOLITICAL RESPONSIBILITY IN SCIENTIFIC RESEARCH

Bucharest ERA SOCIALISTA in Romanian No 23, 5 Dec 82 pp 15-18

[Article by Dr Florin-Teodor Tanasescu, director general of the Central Institute for Machine-Tools, Electric Technology, and Electronics]

[Text] 1. Programmed Scientific Research

Aware of the economic as well as social force represented today by soundly organized scientific and technical research, the majority of nations allocate significant resources for design activities, and create powerful research networks capable of returning in a short time valuable results for industry and other fields. Independently of discussions about the "philosophy" of organizing this activity, or of specific rules about its pursuit, two things are clear and are now almost unanimously applied and demonstrated in programs of such magnitude as the space program. They are: a) scientific research activities can and must be planned; and b) the economic efficiency of an industry is determined mainly by the rate at which research results are transferred to production.

Engaged in a vast program of industrial development and modernization of economic structures, our socialist society is assigning a leading position to scientific research. According to the orientations established by the 12th Party Congress, the powerful assertion of the technical-scientific revolution during the current five-year plan will accelerate the transition to a new quality in all sectors of activity on the basis of the quantitative accumulations that have been obtained. The Directive-Program for Scientific Research, Technologic Development, and Introduction of Technical Progress during the 1981-1990 period, as well as the Directive-Program for Research and Development in the Energy Domain for the 1981-1990 Period, and Major Orientations until the year 2000, adopted by the 12th Congress, represent the Romanian strategy in the areas which they cover--as an integral part of the country's total strategy for socioeconomic development.

The party and state leadership has established a set of measures designed to steadily and efficiently support the development of a domestic research system by creating for it a strong human and material foundation, and by planning its activity and results. The existence of the National Council for Science and

Technology provides scientific research with an appropriate framework for encouraging new thinking in all the country's economic and social life. The scientific and technologic potential is so oriented as to help solve problems directly associated with material production, and with the modernization of industry and other sectors of the economy and social life. At the same time, scientific research and technical development are intended to guide socioeconomic activities by offering new solutions and working on long range problems of the nation's development at future stages.

Closely correlated with the requirements of the economy's development and modernization, and with the achievement of higher economic efficiency in material production, especially through a more substantial contribution from the machine building industry, the objectives of technologic research and development under consideration are those which will lead to the design and adoption in production of new and modernized products. Foremost in terms of their high technical caliber and complexity, their novelty and originality, and their position as carriers of technical progress in the economy, are the new machines, tools, devices, and installations that have been or currently are being adopted for production during this five-year plan.

Through its closeness to industry, to current problems, but without divorcing itself from the problems of tomorrow's industry, research assumes the essential sociopolitical responsibility of capitalizing on the results of its own activity, a responsibility which ultimately depends on the efficiency of the actual research which it carries out. In my opinion, this has caused Romanian research, which had developed in parallel with an industry that has grown rapidly--at first mostly through the use of licenses--to reach true maturity during the last five-year plans. Referring solely to the fields of machine construction, electrical technology, electronics, precision mechanics, and machine-tools, the results of the research activity are materialized in land and sea drilling installations, computers, numerically controlled specialized machine-tools, hydraulic equipment, automated lines in the metallurgical, cement, and oil industries, electric locomotives, and professional electronics, among others, all of them highly technical products that cannot be produced by just anyone. Designed in the our country, many of them constituting valuable inventions, they have made it possible to totally reduce licenses and know-how, thus proving that the policy encouraged by the Romanian Communist Party in science, technology, and technical progress has begun to most obviously yield its expected fruits.

Generally speaking, research can be considered as a long term but secure investment. Together with this, we note the growing confidence of Romanian industry in its own research, particularly in recent years, when the policy to equilibrate the import-export balance has directly involved research and design institutes in developing many techniques and technologies that were being imported from abroad, based on the conviction of some specialists that these could only be achieved on the other side of our borders. Successes have proven the great strength of our research, which has acquired enough experience for continued application in the most daring projects.

Industry's rapid capitalization of scientific research is successful when the research materializes as expected. But a research that is not capitalized, or whose capitalization is delayed, can be deemed to be--without exageration--a socioeconomic failure, since on one hand it wastes material investments and human efforts, and on the other hand does not yield the anticipated economic effects. In connection with this, Nicolae Ceausescu at the workshop of the Central Committee of the RCP of 20-21 October of this year, severely criticized some ministries and central agencies for the insufficient attention they devoted to the adoption and integration in production of various materials, parts, subassemblies, and measurement and control devices, showing that theoretical solutions and concrete possibilities of execution exist in this regard.

In fact, there is no one in the world today who questions the need for research to achieve more rapid, efficient, and higher quality production. And each one decides the amount of research that is needed for this purpose, as a function of available resources and possibilities. In my opinion however, the constant attention devoted to scientific research and technical development, as well as the funds allocated for them, clearly demonstrate an extremely significant trend, which is that in the near future, economic competition, especially on global markets, will increasingly begin not in the production phase, but much earlier, at the point where the design sectors meet the competent and rapid implementation of new research solutions in industry.

These are the aspects, associated with the introduction of new concepts in industry--aspects inevitably implying the quality, competitivity, and profitability of production, its overall efficiency--that will be discussed in what follows.

2. Barriers to the Capitalization of Research Results

The association of technical-scientific research and industry, and its deeper integration in the production of material goods, have substantially helped reduce the duration of research conducted in our country. Thus, in development research--that is applied, but complex research--this time has been steadily shortened to an average of one and one-half to two years. This has created the possibility for organized research in institutes to participate more intensively, together with the research carried out in enterprises, in modernization or the production of new products and technologies. But even in the case of fundamental research (such as the creation of new sources for energy conversion, applications of superconductivity, formulation of new technologies, components, electrical materials, and so on), research whose completion objectively requires a longer time, partial results are obtained at relatively short time intervals--one or two years--which can be turned over to industry or exploited through microproduction in institutes.

The creation of a prototype and its implementation--independently of whether it involves new electrochemical cells, magnetic materials, or electronic components--constitutes in fact the birth of a product at the same time as a stage successfully completed by a researcher, in the sense that the product

designed fulfills certain specifications or standards, so that it may be offered to industry for production. But this is frequently the point of a first bottleneck along the path from research to industrial application, a bottleneck that unacceptably lengthens the time for manufacturing preparations, first units, and adoption of the new product, and together with it, the industrial transfer of the research result. What are the causes of such phenomena?

Primarily, they stem from the fact that most attention is paid to current production tasks and little to future production problems: heavy loading of tooling with consequent difficulties in assigning the equipment to new product work; and failure to assure timely cooperation with other enterprises. To these are added the inherent complications of new product introductions, which means that in some cases manufacturing preparations, implementation, and proper organization of a production line for the product involved require as much time as the actual research and design of the product. This is unacceptable because the product becomes obsolete, not to mention that had it been in production, it could have meet certain needs, replaced an imported equivalent, or been incorporated in a complex technology, thus initiating other products that are awaiting these very technologies and are consequently delayed.

But even admitting that tooling is really overloaded, can nothing be done to reduce the loading or compensate for it? In my opinion, something can indeed be done, namely to execute in-plant the prototypes of new products, using the technology to come and a minimum of tools designed and produced jointly by researchers and specialists in the enterprise. The lead time with which the product is introduced into the plant would thus be considerably shortened, while maintaining an awareness of the responsibility the enterprise has toward the new product that is to be introduced and mass produced. This procedure was used for some complex electronically controlled motors, special micromachines, or means of automation, as a result of which the products were prepared and delivered on the market in no longer than one year. But aside from such fine experiences, there are many cases in which the manufacturing preparations take as long as two years, with the new products undergoing difficult gestations, and having to move along paths strewn with the pitfalls mentioned above.

There are of course cases in which the responsibility for delays is due to researchers, the conception of the product being shaky: while it operated properly as prototype, industrial production and assembly disclosed weaknesses that required other solutions and more time. In order to avoid such artificial extension of research, I believe we must generalize the positive experiences which I have already indicated, in which the prototype--wherever applicable--is produced jointly by researchers and the plant, with the support and tooling of the enterprise, using the material basis available to the two partners. This transfer of technology, apparently slow but carried out solidly and steadily, will undoubtedly have positive repercussions on research time budgeting in general, shortening the duration for the application of its results to production.

There is no question that in addition to the performance expected by the researcher for the product which he designs, there also exists a very important requirement, which I call "providing the horizontal structure." And what does that consist of? It means that all components (parts, subassemblies, and so on) that belong to the product must be produced in parallel and on schedules strictly correlated with the manufacturing of the basic product. It is obvious that any delay in the production of even one single component can compromise the start of the product's fabrication on the established date. The problem becomes even more complex when some materials or components have to be provided by different partners in research or industry.

One instance of success in a research-design-production program, is the electrostatic copier MEC-1, produced at the Institute for Electric Technology Research and Design from an original design. All the necessary materials and components were supplied simultaneously with its construction--with small time gaps. Unfortunately, many situations exist in which products that have reached the mass production stage are stagnating because of delays in the manufacturing of various components and materials, or because of failures to effectively integrate those that were previously imported.

I want therefore to stress that the most rapid and most efficient completion of a research-design-production program is strongly determined by the actions taken at the beginning and the manner in which the horizontal structure is assured, even if at first sight this requires greater human, material, organizational, and other efforts. Ultimately and as a whole, all these efforts will be recovered ten-fold.

But there is also another type of delay in the transfer of technology, even if research and the application of its results are carried out on schedule. I am referring to delays in reaching economic parameters, in the sense that the new product does not reach a production capacity for efficient manufacturing and thus does not present a major interest for the producer. There are situations in which production is smaller than the demand, but most often, user demand for the new product is lower than manufacturing capabilities. There are many causes for this anomaly whose economic consequences are negative. But I want to examine only the one that is most important in my opinion, that is, the failure of users to make timely preparations for the application of the new technologies or products that are being designed and are to be manufactured.

This has powerful repercussions, particularly on the activity of design institutes. When the designers of various complex systems or assemblies are not aware in time of new materials, parts, or components that are to be manufactured, they are forced to stipulate the use of older products with outdated technical specifications, or to request the importation of suitable components, even though a better organization and correlation of efforts, based on suitable information, could provide these components from domestic production.

In general, we in Romania make much too little use of simple catalog sheets circulated to various users in the economy, which could inform them about future products and their dates of availability. I have often observed that a new product is implemented in a sort of silence, even though it is certainly awaited with interest by a large number of potential users. Surveys of demands for various parts, devices, subassemblies, and so on, whose production is being planned, are conducted only sporadically, indicating a certain mistrust in the real efficiency of such probes. I personally believe that such surveys are absolutely obligatory, since they are the means for establishing the elements that are strictly necessary to rigorously organize future production in terms of economy, time for launching new products, level of required technology, and so on.

I could in fact give many examples of such failures to properly correlate the time for starting the manufacture of a new product and the opportunities for its utilization by various users at its full production capabilities. For instance, during the first years in which silicon diodes began to be manufactured in our country, demand was far below production capabilities. Only after about two years, when rectifiers and other applications of these diodes started to be manufactured and used on a wide scale, did the situation change. The same thing happened with the production of feed motors for machine-tools, a situation in which the economic parameters of production were delayed because applications were not prepared and assured in time. The best possible correlation of research, production, and utilization efforts, including the knowledge and generalization of new technologies and products, therefore plays an essential role in reaching anticipated efficiency in a minimum amount of time. In this respect it is imperative, as Nicolae Ceausescu stressed at the workshop of the Central Committee of the RCP of 20-21 October, to establish a spirit of technical and economic order and discipline in introducing and capitalizing on research results when producing material goods, adopting new products and technologies, and in the future eliminating and avoiding various poor correlations, delays, and misjudgements, which under any name ultimately end up in low efficiency and even economic losses.

Considering the above, I believe that it would be extremely useful to organize periodically--in one given field or in several associated fields--what might be called a "show of novelties" which would present future products to potential users. The shows recently initiated to demonstrate solutions and products which can reduce importations, have proven their efficiency by partially filling in the lack of information of specialists about various technologies or components. I wonder even if it would not be appropriate at the Bucharest International Fair or at the Exposition of National Economy Achievements, to assign stands for next year's new products and even for "coming" products and technologies. I believe that this would be very useful not only for our economy as a whole, but also for surveying foreign markets.

3. Leverage for Accelerating the Adoption of New Products

It is self evident that the adoption of a new product by an enterprise, and the beginning of its mass production, inevitably implies the training of workers, technicians, and foremen to appropriately master the necessary techniques and technologies. But when should this training start? At the same time as the product is adopted? I believe that it should be done beforehand, because only in this way will the new solutions be transferred rapidly, efficiently, and with the least disturbance.

We have proceeded in this manner in several instances, with exceptional results. In the production of brushes for electrical machinery, for instance, a product which will be adopted by the Ferrite Enterprise of Urziceni, we formed together with the plant's management and at least six months beforehand, several teams of workers led by technicians and foremen, which moved to the institute that designed the product and effectively worked in its production department. By thus training in the field the teams which will undertake the fabrication, we gained a significant amount of time by starting the product manufacturing with teams that had already been trained, capable of assuring production rate and quality, and of correcting possible problems in processes. We proceeded similarly in the case of other products (electric motors produced at IFMA--Enterprise for Elevator Manufacture and Installation, drilling equipment produced at IAE--Electrical Equipment Enterprise Alexandria, and so on).

I believe that this method should be adopted to the full extent of its possibilities, including the need for mutual participation--of researchers in plants to provide technical assistance during the adoption of new products, and in an equal measure, that of industrial personnel during different phases in the creation of new products, which require their presence at institutes. I am convinced that this would lend continuity and greater efficiency to the preparation and complete transfer of technology from research to industry, through the mutual interest of both sides in the rapid introduction of technical progress.

In mentioning the mutual interest of those involved in the transfer of technology, I do not mean solely the interests of researchers or factory workers as separate elements, but also that of the units to which they belong. Independently of the way in which this encouragement of technical-scientific progress is achieved (global agreement, bonuses for the introduction of new ideas, and so on), its effect would be to rally and stimulate modernization, and increase labor productivity by reducing the time required to adopt new products or technologies. The party and state leadership has more than once emphasized the need to adequately encourage those whose efforts contribute to higher labor productivity and to the application of modern technology. At the same time, this would help create an overall stimulating climate for others as well, generating a mass effort toward the rapid renewal and perfecting of production.

We must take into account that the transfer of a technology, the introduction of a new product, are incomparably more difficult than the application of a known technology or the fabrication of a product that is already made by others. But it should be pointed out that in our country, the introduction of a technology that did not exist beforehand is viewed exactly as the adoption of a technology that is being currently used. Also overlooked is the fact that during the transfer of a technology, initial production is lower, with more rejects and higher consumptions, thus creating difficulties that are often difficult to overcome by production units. This being so, I believe that some inducement regulations or measures during this difficult, start-up period for new technologies or products, could encourage enterprises to devote more attention and perseverance to the more rapid introduction of technical progress, rather than--as is unfortunately the case--to delay this progress for the reasons that I have mentioned.

In my opinion, if it is appropriate to encourage research and industry units in the rapid completion of technology transfers to production, then they should also both bear the consequences (penalties or sanctions) for failing to respect deadlines for implementing technologies or products. I believe that a suitable handling of the two alterntives could result in a very efficient stimulation of the factors responsible for transfers of technology throughout the economy.

This does not mean that by discussing the elements influencing the speed with which an idea is transformed into a product, I minimize the social and political importance of raising the consciousness of those involved that any reduction in the time spent on research and the capitalization of its results means a greater general economic efficiency, an efficiency which is the direct responsibility of each worker. It obviously remains a highly efficient leverage, but one to which must also be added the others that I have suggested; that is how I believe we will succeed in achieving remarkable results in a very short time.

4. The Concept of Quality in the Transfer of Technology

Most often, when industry has received from research a well conceived and soundly verified--including for reliability--product prototype, its implementation has generally proceeded normally without unexpected problems. But unfortunately there are also other situations--especially in the case of complex equipment which includes a large number of components--in which the introduction of the product in manufacturing without sufficient tests, considerably extends the implementation schedule because of the many problems that must be solved. It even happens that a product based on excellent design is viewed with mistrust by the plant which is to produce it, exactly because of the insufficient reliability of subassemblies or components, which are at times of minor significance.

Even more serious is the situation in which as a fault of researchers, the concept of the product or technical system must undergo modifications after it has reached the production line. This is no longer a matter of delay in adoption, but of additional material costs which are at times quite significant.

The exact determination of the moment at which at product must be brought into fabrication and then into exploitation--as a function of its behavior during testing--is therefore a matter of interest not only to the future producer who will implement its production, but also and in at least an equal measure, to the user, who expects from the new product a quality improvement rather than defects and problems.

In any case, I believe that the most reprehensible attitude of any specialist in design or production--an attitude with consequences that are even more harmful than delays in product adoption and subsequent attempts at recovering them--is to accept the launching of a product with defects and to let "time" correct them. In my opinion, this expresses a total professional irresponsibility, which can cause serious disturbances both in the time for real adoption of a product, and from the standpoint of material costs necessary for this purpose.

The provision of test stands which can simulate various operating conditions for the newly designed product or system, and the performance of an adequate number of lifetime operating tests even before the item goes into production, thus disclosing possible defects during the product's infancy, are all ways and means that can avoid undesirable extensions in the time required for adoption.

I might supply the example of a numerical control machine, one piece of equipment that has generated many quality headaches. As demonstrated, it was not enough for the three essential parts of the system which could result in defects and which were produced in different specific industrial sectors (electric motor, electrical actuators and control system, and mechanical portion) to operate correctly as individual units. They had to operate correctly together; and that is exactly the aspect that was examined superficially and with brief tests which were insufficient to locate and eliminate system defects. The solution was not found until each of the partners began to check his subassembly as part of the system as a whole, and until reliability was verified not on each element, but as much as possible on the system.

This therefore means that under present conditions--and especially for the future--the increasingly higher level of technology and complexity of products, demands that industry change its concept of the importance of quality control for products adopted for implemention. By that I mean the need not only for specific product tests, but also for tests of various assemblies, providing special tests stands for the purpose.

In any case, associated with the above, I want to stress a conclusion which although important, is at times overlooked, namely that a reduction in the implementation time for a product must in no case mean skipping over several stages. The constant rate for completing the entire research-design-adoption cycle in production, is of greater value and incomparably more efficient than leaps achieved in short times, followed by stages of so called becalming.

Careful and sustained attention to projects in accordance with established plans, and the determination not to avoid any of the initial provisions, are essential conditions for reducing to a minimum problems that may appear later, as well as the total duration of the transfer of technology.

The rapid transfer of new technologies into industry is today one of the most important problems, because a successful transfer means technical progress, labor efficiency, quality, and competitiveness. That is why it cannot fail to be at the focus of attention of all specialists, independently of whether they work in research, education, or industry. For our country, the rapid transfer of technology represents the leverage for renewal, for obtaining greater efficiency in all areas, and for higher labor productivity, all of which will allow us to move beyond the stage of developing nation.

11,023
CSO: 2700/131

CHAIRMAN MARIJAN CVETKOVIC DISCUSSES CROATIAN SITUATION

Zagreb DANAS in Serbo-Croatian 5 Apr 83 pp 9-13

[Interview with Marijan Cvetkovic, chairman of the Presidency of SR [Socialist Republic] Croatia, by Jozo Vlahovic, DANAS editor in chief, and Mladen Maloca, editor: "We Are in a Rut"; date and place not specified]

[Text] [Question] Marijan Cvetkovic, chairman of the Presidency of SR Croatia, is one of those politicians who gives interviews reluctantly. "Recently I happened to have given two interviews for the newspapers, but I feel that interviews cannot change anything very essentially or contribute very effectively to carrying out a policy," Cvetkovic said. Nevertheless, the interview with our editors Jozo Vlahovic, DANAS editor in chief, and Mladen Maloca, was much more than a perfunctory discharge of an old obligation. A few hours of conversation with this distinguished leader, revolutionary and communist, national hero, confirmed once again our conviction concerning his now universally recognized straightforwardness and modesty, but also his very clear and firm commitment, which in his many years of political activity he has constantly striven for. Certainly the League of Communists and self-management have always been at the center of his attention. "Now many people are ready to blame self-management for all the difficulties we find ourselves in. But self-management is not really to blame. After all, let us just look around ourselves a bit and we will easily see hundreds of examples of so-called small or medium-sized, and indeed even large work organizations which even in this time have a shortage of money, under the difficult conditions of the stabilization, are resolving the problems we confront. They are finding their own way in the midst of all these conditions for the conduct of economic activity which are by no means easy. And that is one of the confirmations that self-management bears within it a great strength and energy," Marijan Cvetkovic mentioned in answering our query about the potential and limitations of our self-management practice and about how accurate are the arguments being spread more and more often to the effect that it is our new constitution, which was supposed to give a new impetus to self-management, which is to blame for the difficulties, for the stagnation. We said, ran our question to the chairman of the SR Croatia Presidency, that the new constitution opens up the doors of a new era, that it has exceptional importance on a historic scale, yet in concrete life experience we have confronted, this is quite evident now, a steady narrowing of the space for authentic self-management decisionmaking and creation of self-management practice and policy.

[Answer] I would not go all the way with you in your assessments. Let me say at once that I am an opponent of all superlatives, that this new constitution of ours has brought a concept which is truly advancing several essential elements in the domain of the political power of the working class and ethnic equality in all aspects; it was oriented toward the decisive influence of the working class on all the business of society. This is a full-blown conception, but it has been stated in general terms. Unfortunately, I must say that we have not gone further in stating this concept in concrete terms; that is, we have not gone further and deeper in developing that system. On the contrary, when difficulties arose in implementing certain premises of that system in the material sphere, in production, we nervously and hastily began to resort to administrative measures. Our difficulties mainly date from back in 1975 or 1976, when our debts, which in 1970 amounted to somewhere around $1 billion, began to increase enormously, reaching nearly $6 billion, and then over the next several years they tripled and climbed to about $19 billion. Out of nervousness, under the pressure of difficulties, we resorted to administrative measures, we derogated the laws embodying the system, and we arrived at where we are now. But when a man is nervous, when he cannot wait for the results, he is always changing something. Even when we adopted some of the laws embodying the system we did not have the determination and patience to carry them through entirely to the end, but we immediately replaced them with certain decisions, certain regulations, certain directives. The most tragic thing for me is that our economy has every year faced different conditions for the conduct of economic activity. If people knew in advance under what conditions they would be doing business, they would not always have this now customary drop of output and stagnation in the first quarter, when they do not know what is going on. That is the way it has been since the 1974 Constitution and that is the way it is today.

[Question] Does it not seem to you that the League of Communists ought to be that decisive force which should point out more vigorously the possible wrong roads that might be taken, which should have been guiding this self-management vessel with more decisiveness? What has happened in the soul of the party, which has always opened up and furnished visions of the new, when it has not seen through to the end the realization of this concept and commitment of its own?

[Answer] Put simply, the party has not freed itself of the old way of doing things. It has persisted in wanting to make specific decisions on everything, while the elaborateness and degree of development of various new forms of association have spread so widely that the old methods are simply becoming ineffective. A directive which is conveyed by word of mouth and through piles of various papers arrives late, and when it does arrive a new one is already needed. We do not know how to use modern equipment and the advances of information science and technology. We have not prepared either specialized or party personnel for that purpose, nor have we so chosen them; we built up the old staff long ago for a different time, and we have not radically altered it; these people know no other way of doing things. These are constants.

You remember that some 5 years ago a battle was waged which Kardelj began with his study on changes in the political system. It clearly indicated both the

role and place of the party in ideological and political space, which was to grow to become the leading ideological force, to develop the mechanism of self-management, the delegations, the Socialist Alliance, the trade unions, and so on. What happened, however, is that we got new party forums consisting exclusively of party members, only forums at a different level, beginning with the Socialist Alliance and the trade unions, and all the way to the opstina, often indeed to the local community! It is certain that the ties with the masses were lost thereby, since the working people and citizens have their own reflections, their own demands, their own proposals which somehow get stopped at the top of the pyramid, since the directives issued in the old way, from above, at this point collide with pressures, with the needs of society as a whole.

[Question] Does that mean that the League of Communists, although in all the documents it has committed itself to a different role in society and a different way of going about things, has in practice--in both its organization and the place and role which it has had--has stuck with the old methods of the leading force in society?

[Answer] The documents on which Tito worked, and then Kardelj, Bakaric and others, represented what the League of Communists was supposed to grow to become, what was supposed to be. Present practice, although we all continue to swear by those documents, and no one will nor can say anything serious against them, has obviously taken a different direction rather often. I can even give you an example. We made a commitment, for example, that in elections for leadership positions in the organizations and leadership bodies of the Socialist Alliance places must also be found for those of our working people and citizens who are not members of the League of Communists. When you look, you can count such people on the fingers of your hands, yet in certain matters and in the face of the demands of society they are more disciplined than some members of the League of Communists. However, those people are still not there, they have not been elected....

[Question] But why is it that that spirit and that practice are reproduced so persistently, how is it that those old methods hang on so stubbornly?

[Answer] I would say that this is in large part because we have not changed the personnel. People accustomed to the old way of doing things are still there, people who can no longer readapt. They have their way of looking at things, and they do not change that outlook. At one time standing firm by certain positions was a sign of honor and prestige, but if you are not self-critical, if you stubbornly defend what reality has superseded, then it is a bad thing.

[Question] Does this mean that we have not always democratized personnel policy as much as we should have, but rather it has remained in a way a monopoly of quite small groups and sometimes even individuals?

[Answer] I would not call that a monopoly, but I would rather say that we are talking about a system that has become outdated. When a few thousand people were involved, that old system could somehow function. Today, however, we

have hundreds of thousands of people in this delegate system of ours, yet almost the same number of people as before are concerned with our personnel policy. And naturally this is not working, since when we look for a man who is able, the brain cells come up time and again with the small number of people whom we are familiar with. Not to mention that we choose people--I am oversimplifying here--that fit our own mold. Thus it turns out that a good man is the man who thinks like I do, which is an attribute of any man, but society wants to have various representatives, including that ideal representative who will meet its own requirements and needs. We need, then, to modernize that personnel policy, to introduce up-to-date methods of recordkeeping and world advances in computerization, and in the political sense we need to return more resolutely to that demand of Tito's for democratization of personnel policy. You will recall that Tito, speaking out of his profound experience, used to emphasize the need for several candidates to be put forth for certain positions even at the highest level. This principle affords a more wholesome and objective selection, which will put a stop to the now deep-seated practice of the unchangeability of individuals who are constantly moving around in a circle.

[Question] Can this mean that the old methods, the old pattern of organization in the LC, is in a way an expression of a line of sectarianism we thought had been superseded long ago?

[Answer] Well, that is the external effect which could be more or less accurate, but I would not refer to it exclusively as sectarianism. The party has responsibility to certain people, people who now have to be moved with all these rapid changes that are occurring both in society and at the heart of the party. I think that the basic thing is that the League of Communists commit itself to a more thorough change of the way it goes about things, that it really commit itself to be the ideological forerunner, to fighting ideologically on all fronts, and to leave to other subjective socialist forces what the constitution has granted to them. After all, what does it mean and where will it lead us if the party takes upon itself all obligations from investment projects to the purchasing of production materials, resolution of issues pertaining to the system, the distribution of foreign exchange, and so on. It cannot do that, nor is its apparatus equipped to do it.

[Question] And yet it is being done....

[Answer] Yes, it is, but that is why it is not managing to do other things. And the one who actually is supposed to be concerned about all this (government and other agencies and bodies, for example) simply covers himself or hides behind party decisions and then acts without any responsibility whatsoever. Precisely because we have not built up a system of accountability, since all the subjective forces are so implicated in the adoption of certain concrete decisions and measures, in specific decisionmaking, that the buck gets passed or responsibilities are confused. It seems to me, then, that self-management will not progress under these conditions of ours unless the party changes a whole series of its positions, its operating methods, unless it changes its attitude toward personnel policy, toward responsibility, unless it understands that it cannot operate alone, but must work through a mechanism which sets the broadest strata in motion.

[Question] Comrade Cvetkovic, you are an experienced revolutionary, a party official and leader of long standing. Does it not seem to you that recently the most responsible leaders of the League of Communists have rarely made visits to collectives and talked and made direct contacts there with the self-managers, with members of the League of Communists? One gets the impression that the whole range of activity is somehow confined to political aktivs and committees.

[Answer] The party is now struggling. The party has the desire. Members of the Central Committee are receiving directives, but now an old issue is rising here, the question of whether we are becoming bureaucratic as a society. When we have the Central Committee in front of our eyes, we actually have in front of our eyes a rather small number of distinguished leaders, and yet we make practically no use of the plenum. In this situation when the League of Communists is concerned with day-to-day problems, with the best will in the world, when you go to a factory you do not want to talk about the opinion of a small department, you do not want to talk about an organization. So, some justification can be found here, but in political terms I think this is not good, that we have a serious lack for those ties with the working people in associated labor.

It therefore seems to me that in this system of organization and work of the party we ought to put the plenum on another level. In Croatia at the present time, for instance, we have several bodies which might be said to be equal: the Presidency of the Republic, the Presidium of the Central Committee of the League of Communists, and the Assembly, and then we have the sociopolitical organizations. There ought to be some arbiter above them all. Who might that be? None of the presidencies or presidiums can be raised up. This could only be a group of the strongest and most eminent political figures, and that is the plenum. When it comes to a specific matter, then everyone should decide within the limits of his powers and his defined place and role, but when it comes to political evaluations of performance, to ideological orientations, then it is the word of that plenum that ought to be heard. We must fight, then, for that division of tasks in which everyone will be responsible along his line of responsibility, while the League of Communists, that is, its plenum, would be that highest place to which the alternative would come and where they would be resolved in ideological terms. Unfortunately, today the meetings of our central committee resemble more some debating society which does nothing but conduct discussions, and often monologues are prepared in advance, which is why the conclusions ultimately adopted do not reflect what they ought to and what is expected of them. The plenum should always make decisions, and the discussion in it should be conducted through a contest of opinions which will take us to the final decisions or solutions.

[Question] One often hears assessments to the fact that these shortcomings of the League of Communists which we have had something to say about here have contributed to the weakening of ties within Yugoslavia, to the weakening of unity. Even the League of Communists itself, the proponents of this thesis say, has become federalized internally and has thus objectively opened up space for the manifestations of disintegration.

[Answer] This actually has to do with those changes in the system we have been talking about and which society has not carried out consistently. We have committed ourselves to the federal system and to the principles which prevail in it, and those are above all political, economic and ethnic equality, and so on. That principle is a condition for this community of ours to exist. And it is the right and duty of every republic to fight for that equality with all the means envisaged by the constitution. If solutions are sought when interests are opposed, and very often they are, then it is a joint solution for Yugoslavia that is being sought. The laying out of that path, that search for the most favorable solution that will not honor the exclusive interests either of the best or of the worst, that is that joint Yugoslav solution. Nor need we agree always on every detail, but the possibility must exist for finding that solution which is in the common interest of Yugoslavia. Some people truly feel that it was better before when everything was concentrated in one place. It has turned out that that was not the case, given all these differing and opposed interests. On the other hand I assure you that that independence of the republic is not so great as it may seem. Look at all the things one must go to Belgrade for. Yet in both cases associated labor is altogether outside all of this. Nor is it any accident that in the Croatian Assembly the Chamber of Associated Labor often does not discuss certain major problems, but most often they are discussed in the Sociopolitical Chamber.

So, I would like to say: if we speak about the need for unity in the country, then we can never have it again the way it once was when all the directives came from one place. I think that the matter lies precisely in people's real freedom in expressing their interests, but aware at the same time of the need to live together. After all, without that community none of our nationalities would be independent and self-sufficient. And that is possible only if we establish an open democratic dialogue in which solutions are not arrived at by exchanges of fire or outwitting one another, but by seeking a common line. These must not be compromises which are "compromising," but those solutions which take us forward. It is in that light that we should look at the role and responsibility of the republics and provinces for the functioning of the Federation, for the greater influence of associated labor in the republic and the Federation, and break up the statist tendencies at all levels--from the opstina to the Federation.

[Question] These commitments you speak about are crystal clear. But it seems that some people are using these swollen economic difficulties to say that we have lost our own political identity, and they even go further and say: "Yugoslavia has been brought to its knees...."

[Answer] That theory about "knees" is not and cannot be accurate. At one point we were in a situation to say: thank you for those credits, but from here on we will rely on our own resources. Even then credits were ultimately granted. What is being imposed on us now is mainly in a general economic context and cannot be put in any other category. If we examine the purport of these measures of ours, we will see that we have committed ourselves to immobilization, to restriction of consumption, to changing our long-range plans, to undertaking the restructuring of the economy by establishing investment priorities, and then to solving this devilish problem of prices, which has

plagued us so persistently. This commitment of ours must become the rule governing people's behavior, rather than the way it has been up to now, for example, when we make decisions to freeze prices, and then immediately, a day afterward, we proclaim new prices on a whole number of products which cause a chain reaction. It ought to be clear to us that we cannot be satisfied with merely stating certain principles, but that we must work out the measures embodying the system in finished form and on a long-term basis and they ought not to change at least to the end of the stabilization period. Then gradually, one by one, we ourselves would be able to remove these conditions which those granting us credit have proposed, and which we have accepted--that is, they were not imposed, since we always could have said: thank you, no--and invigorate economic flows and adopt some of those same measures without anyone outside imposing them upon us.

[Question] How is that long-term and unified commitment and program for invigorating the economy to be achieved when there are many objective circumstances giving rise to differences among the republics and provinces?

[Answer] Those differences are at present shrinking more and more. Solutions are being found, but for me the principal danger is whether they will survive at least to the end of the stabilization period or we will change them in the new year and then again wait for the first 3 months to see what will happen. From the standpoint of Croatia I can say that a whole number of our issues have been resolved rather successfully in this period--from relations in agriculture and the supply system all the way to repayment of debts. There has been agreement on the principle that there is no socialization of debts, that no one should be allowed on the basis of the payments-balance position to borrow against income which does not exist. Now the main problem is that all of this is being decanted over into a stabilization system which will not be changed when someone gets a bee in his bonnet, but will function so long as it makes sense in real life. All of this I have been speaking to you about is part of what I would call a contest of opinions among the republics, a contest in which no one, however, is being labeled anything. This must be an integral part of our reflection and of our efforts to get out of a situation which is fraught with difficulties.

[Question] At one time the thesis was circulating, not altogether publicly, that SR Croatia was in a way to blame for the economic destabilization of all of Yugoslavia because of a few major investment undertakings which did not yield results. Do those decisions which have come about mean that the economy in our republic has been put on a sounder road and that its difficulties will no longer be perceived as a millstone about the neck for the other regions?

[Answer] Certain circumstances led Croatia into a situation where it was the first to experience difficulties. Precisely for that reason it has perhaps examined the possible ways out most realistically. Croatia with its views and solutions has also obtained the support of others, which does not mean that there were not or are not opposed views and interests. But now a real climate has nevertheless been created in which the opposed interests are being discussed, and a solution, a middle way, is being sought. Not a rotten compromise, but the common Yugoslav interest. In that respect, as far as Croatia is

concerned, I am an optimist, and I believe that we will very soon begin to emerge from the difficulties. It should not be forgotten that Croatia has a large inflow of foreign exchange, and its debts, fixed and guaranteed obligations, are far below that inflow of foreign exchange.

[Question] Comrade Cvetkovic, tell us as a prewar party member and revolutionary something about the moral and ethical image of the communist. We hear more and more frequently, and certain examples would seem to prove it, that there has been a certain erosion of those attributes of party members which were at one time so much emphasized. How do you see this?

[Answer] This is indeed being talked about frequently, and somehow everyone seems to think that party members are corrupt, careerists, people who fight for positions. I do not deny that that exists. There is nearly as much of it as in the society at large, that does not mean that we in the League of Communists need not decisively oppose such behavior and actions. I would be in favor of a different approach which would correct some types of behavior which are now generally accepted. Today, for example, we do not benefit from that party member who debates many issues, who enters into arguments, a contest of opinions, and when he finds out that he was wrong, he becomes a loquacious advocate of carrying out that view which he had been opposing. At the same time a high value is today put on the person who accepts everything in silence and carries out nothing. So, an evaluation should be made as to how militantly people are working for the line of the League of Communists and its policy and separate that from this ever more evident opportunism and conformism. And on the other side it would be good to verify the reputation of party members in the quarters in which they are working and acting. We often bring along personnel who cannot make it in their own milieu, even though that milieu is the place which can evaluate someone's performance, behavior and commitment most effectively.

[Question] Often in comparisons of this kind criticism is addressed to the young generation, which, it is said, is not militant, is not making itself felt sufficiently in criticism that points up errors. Were we to judge by discussions in certain forums, that kind of conclusion would truly seem accurate, since most of the critical remarks come from meetings of the Federation of Veterans, but from the youth organizations comes only silence.

[Answer] You see, I think that this estimate of yours concerning young people is not accurate. You just read the university and youth newspapers a bit. I feel that the problem is that young people are not there where the decisions are being made. From the workers' councils to the trade unions and the Socialist Alliance--they are not there. But all this that young people are talking about, writing, these manifestations of their dissatisfaction are much greater, even in an unpleasant sense. No one, for instance, is making the schools accountable because a few dozen young people there are scribbling swastikas. No one is going to hold a meeting with the teachers and ask them: What are you doing? No one can persuade me that the young man who made these swastikas out of metal is so indoctrinated without someone having led him or seduced him into that. In a way these are all protests of a kind. And our young generation is the first to show us that it does not agree with certain

things happening in society. But even when it begins to speak, we often and unthinkingly say that young people are serving as mouthpieces of certain hostile forces. Though even of that there is quite a bit under the influence of our own press, radio and television. While we have all but celebrated Hitler, we have shown all those parades on television.

I think, then, that the young generation is sufficiently critical; it is just that its voice is stopped somewhere down at a low level. This is another defect of our society, a defect which could take revenge on us.

Do not forget that in Kosovo we did not have big problems with the workers, but more with those secondary school and university students. They were under some alien influence, and full of criticism of the relations that exist in the policy which was being conducted by the leadership in Kosovo at the time. That is why I point up the need to hear a more powerful voice from young people, since in that way it will be easier for us all to make corrections. Finally, it is high time that young people begin to create their future life. We can no longer serve as a model with our conceptions, just as certain previous generations with their castles and the like could not be a model for us. We must involve young people to a greater extent in the flows of decisionmaking, so that they too can take responsibility. Only then will it be possible to know what that swastika means, those nationalistic euphorias, that hatred, these chauvinistic demonstrations, and to what bloodshed this might lead. We need, then, an offensive stance in propaganda, a critical attitude toward all social manifestations, and acceptance of what is referred to as the voice of the young generation. I think that this should be the direction of our political action rather than what we think or think up in our heads. The Youth League should have more of a political effect on young people wherever they gather, live and work.

[Question] And what about veterans?

[Answer] Well, how much is their voice heard? It is always said: the rights you have are equal to your strength. But the strength of the veterans is after all just glory, the young veterans' organization has its voice, which is usually correct, but sometimes its opinions are not sufficiently taken up. It is heard, sometimes you newspapermen give it space, but that voice seems in a way to remain a crying out for something. After all, do not forget that the veterans do not possess all those sources of information which are necessary for a more vigorous and constant presence. I would say that we very much need to establish ties between the veterans and the young generation, and that not only directly, but more with those to whom we have entrusted those young people.

The Diversity of Collective Leadership

Profoundly aware of the need to democratize personnel policy, Tito arrived at the idea of collective leadership. Unfortunately, he was not able to fully elaborate that idea of his, and in practical realization we have thus stripped it down and simplified it to the point where it has almost become self-contra-

dictory. It has turned out that the only important thing in that entire idea is this 1-year term of office, which, you will agree, is not and cannot be the central issue. I think that all of us in Yugoslavia will have to move on to a uniform system, since in this variety of solutions there are also quite a few inconsistencies and even adverse consequences. Especially since collective work and leadership have not everywhere taken on life to an equal degree. We really exaggerated with some things, taking them almost to the point of absurdity. Why was it necessary, say, in the Croatian Assembly for us to change every official every year although their "power" is truly minimal, and moreover there is no collective body of leadership here at the top, as is the case with the presidencies of the republics, the presidiums of the League of Communists and other sociopolitical organizations. The chambers of the Croatian Assembly are in themselves a delegate assembly, and so I see no reason for the president of that chamber and others responsible for its work to be changed every year. We have actually come to the point of moving around dozens of people in order to accomplish that rotation, but we still have not achieved true collective work. We have greatly complicated things, and now we have realized that we need to extend the length of certain terms of office, but we will not be in a hurry to do so, since we have to make an agreement on everything at the level of Yugoslavia. Our position is that the term of office in the SFRY State Presidency and the LCY Presidium should remain 1 year, since even after the change at the top, all those people remain members of that collective body. But at certain other levels that practice obviously ought to be changed, and likewise it should not be introduced where truly there is no authentic need or grounds for it.

Personal Adventures and the Writing of History

We ought not to be so bothered by various personal views of certain events in our past. All these various contributions and opinions will be of use to the true scholars, and their evaluation from a distance in time will--I believe--be fairly objective. Scholarship has already had quite a bit of this to say about our revolution, and on the basis of facts which at the moment are still inaccessible or unknown, it will be able to describe still more precisely many details of our contemporary history. As for this flood of writings about certain events in our recent past or the revolution, there is no doubt that in all of this there have been quite a few "opinions" made to order, that various intelligence services have been involved and that hostile and oppositionist forces in the country have had an influence, but still it has mostly been a matter only of the subjective approach. We must build up a position based on principle, but also sufficiently specific that will clearly show what the people think who are competent in this area, rather than at this point to defend every detail or to take the line of banning or preventing publication. After all, it would be ridiculous to assert that the revolution was carried out with any sort of political or other errors. That would have been impossible. But the overall result was constructive. The revolution was not carried out by a small group, but by millions of people with all their virtues and failings, with their subjective view of individual situations and events, and that necessarily is having an echo today.

Second, it seems to me that perhaps the greatest error is to have given publicity to those visions in the press, which does not have a public able to examine matters critically, but seeks only sensationalism, personal adventures and scandals. It would be better for it to remain within the limits of semi-scholarly or scholarly journalism and serious journals, which also provide the accompanying texts, rather than for judgments to be made concerning the whole on the basis of details wrenched out of context and for doubtful conclusions to be drawn.

I am not directly concerned with this matter, and I am not exactly competent, but it seems to me that in the reaction to the various interpretations of our history there have recently been too few arguments resulting from what scholarship has learned. There has been much more insulting individuals and things in which one cannot put confidence.

7045
CSO: 2800/245

OIL PRODUCTION IN 1982 DESCRIBED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 28 Feb 83 p 30

[Excerpt] Around 11.8 million tons of oil derivatives were produced for the market last year, which is 400,000 tons less than was produced in 1981. When we say "produced for the market" we are also taking into account about 100,000 tons which the refineries have used up themselves. This means, that there were a total of 12.9 million tons of crude oil at disposal during the last year, although the energy balance sheet foresaw a refining of 14.5 million tons (plus an import of 900,000 tons of derivatives). Let's remember that about 14.3 million tons of crude oil was refined in 1980. Last year's deficit of oil was, first of all, a consequence of a smaller import--namely, it was planned to import 10.1 million tons but 8.6 tons were imported, which is about 500,000 tons less than the import in the year before the last. During the last year, INA has produced 3 million tons and Naftagas 1.3 million tons, amounting to a total of 4.3 million tons.

Of all the derivatives only the production of premium gasoline was increased (from 595,000 to 630,000 tons) in relation to the production in the year prior to the last one. But, even that amount was below the planned one and was insufficient to meet the needs of chemical industry. Production of motor gasoline amounted to 2 million tons which is almost 100,000 tons less than in 1981. Production of medium extracts (diesel fuel and heating oil) amounted to 3.8 million tons (150,000 tons less than in 1981), and of crude oil 3 million tons or 200,000 tons below the production in the year before the last one. Production of liquid gas and jet fuel was decreased by 300,000 tons each--206,000 tons of the former and 273,000 tons of the latter was produced.

Last year's production of natural gas amounted to 3.5 billion of Nm^3. About 1.9 billion Nm was produced within the country. INA produced 1.25 billion of Nm^3, and "Naftagas" 650 million of Nm^3 of natural gas.

12333
CSO: 2800/242

CONSTRUCTION PROJECTS ABROAD ENUMERATED

Belgrade IZGRADNJA in Serbo-Croatian No 2, Feb 83 pp 3-8

[Article by Aleksandar Jojic and Milos Jaric]

[Excerpt] Our construction business organizations have now for years been successfully doing business in all parts of the world. The volume of contracted and completed projects in particular countries of the world, from the developed ones in the West, to the developing ones, is being increased each successive year.

On the basis of information of the Federal Institute for Statistics, the value of contracted and completed investment projects outside of the country in the period from 1 January to 30 September 1982 was:

In 000 (thousands) of dollars

	1982		1981		Index	
	Projects contracted for completion in 1982	Projects completed by 9-30-1982	Projects contracted for completion in 1981	Projects completed by 9-30-1981	Projects contracted 2:4	Projects completed 3:5
1	2	3	4	5		
Total value	2,741,580	1,616,667	2,337,267	1,248,135	117.2	129.5
Including: Work on construction projects	2,710,730	1,602,116	2,321,967	1,239,875	116.7	129.2
Work on the completion of projects	30,850	14,551	15,300	8,260	201.6	176.1

It is interesting to see how these projects are dispersed in different parts of the world.

In 000 (thousands) of dollars

	1982		1981		Index	
	Projects contracted for completion in 1982	Projects completed by 9-30-1982	Projects contracted for completion in 1981	Projects completed by 9-30-1981	Projects contracted	Projects completed
1	2	3	4	5	6	7
Total	2,741,580	1,616,667	2,337,267	1,248,135	117.2	129.5
Developed countries	246,465	170,316	358,796	248,477	68.7	68.5
Socialist countries	131,674	79,651	137,319	101,293	95.9	78.6
Developing countries:	2,363,441	1,366,700	1,841,152	898,365	128.4	152.1
Europe	377,654	249,705	495,693	349,514	76.2	71.4
Asia	1,530,423	861,648	1,082,694	461,829	141.5	186
Africa	790,339	473,670	720,267	409,944	109.7	115.5
America	43,163	31,644	38,613	26,848	111.8	117.8

As the following table shows the share of each Republic's participation in the competition of these projects was different.

	1-1-1982 to 9-30-1982		1-1-1981 to 9-30-1981	
	Contracted works	Completed works	Contracted works	Completed works
S F R of Yugoslavia	100	100	100	100
Socialist Republic of Bosnia and Herzegovina	19.8	20.3	14.4	18.6
Socialist Republic of Montenegro	0.3	0.3	0.2	0.4
Socialist Republic of Croatia	12.6	14.4	15.5	18.9
Socialist Republic of Macedonia	5.6	7.0	13.1	4.0
Socialist Republic of Slovenia	14.2	14.3	9.4	12.3
Socialist Republic of Serbia	47.5	43.7	47.4	45.8

Most of the work in the completion of the investment projects abroad is done by engineering--technical and highly qualified workers. As a rule subsidiary work force is procured from the local population.

Average number of those employed from Yugoslavia and each one of the republics was:

	1-1-1982 to 9-30-1982	1-1-1981 to 1-30-1981
Total from Yugoslavia	32,260	26,689
Bosnia and Herzegovina	3,473	2,494
Montenegro	240	300
Croatia	6,812	8,196
Macedonia	4,186	2,724
Slovenia	5,966	4,754
Serbia	11,583	8,221

As can be seen from the above table only a small part of the work force is engaged in these extensive projects abroad. These are all highly mechanized projects in which a minimum of labor is engaged. It follows that even a considerable larger engagement of our construction business outside of the country does not, on the whole, resolve the problem of employment of the surplus capacity which has resulted from the lessening of investment for construction inside the country.

12333
CSO: 2800/242

DATA ON INDUSTRIAL DEPENDENCE ON ENERGY

Zagreb NAFTA in Serbo-Croatian No 2 Feb 83 pp 93-100

[Article by Igor Dekanic]

[Excerpt] This paper presents the basic elements and problems of the energy strategy of Yugoslavia for the period up to the year 2000 and beyond. Our starting assumptions are the need for financial and social development on the whole, with particular attention given to a strategy for technological development on the basis of an increased contribution from our own research and development.

Table 1. Degree of direct financial dependence of other economic sectors on the energy supply sector in Yugoslavia (on the basis of a 16-sector input-output table of the Yugoslav economy)[1]

In Percents

Economic sectors	Degree of direct financial dependence		
	1972 energy supply	1974 energy supply	1976 energy supply

U postocima

Privredni sektori	Stupanj direktne mat. zavisnosti		
	1972. energetika	1974. energetika	1976. energetika
1. Energetika	—	—	—
2. Metalurgija	31,39	35,81	40,31
3. Proizvodnja i prerada nemetala	28,18	34,31	39,74
4. Prerada metala i elektro-industrija	4,97	5,1	6,60
5. Kemijska industrija i papir	24,69	21,57	25,35
6. Drvna industrija	3,93	5,21	7,28
7. Industrija tekstila, kože i obuće	6,13	6,34	8,94
8. Prehrambena industrija i duhan	2,34	2,97	4,47
9. Ostala industrija	2,52	2,95	2,65
10. Poljoprivreda	6,08	6,85	16,43
11. Šumarstvo	5,19	7,71	12,39
12. Gradevinarstvo	2,92	3,98	4,59
13. Saobraćaj i veze	20,17	28,11	30,44
14. Trgovina i ugostiteljstvo	16,65	18,55	17,45
15. Uslužno zanatstvo	3,21	4,23	12,10
16. Ostalo	36,25	39,56	26,00

Key on following page:

1. Energy supply sector
2. Metallurgy
3. Production and processing of nonmetals
4. Metal processing and the electronics industry
5. Chemical and paper industries
6. Wood products industry
7. Textile, leather, and shoemaking industries
8. Food industry and tobacco
9. Other industries
10. Agriculture
11. Forestry
12. Construction
13. Transportation and communications
14. Commerce, hotel and restaurant sectors
15. Service sector
16. Other

[1]The degree of direct financial dependence is a percentage share of the input from the energy sector in the total value of inputs from all sectors into a specific sector. Therefore these degrees of direct financial dependence should not be compared with the technical coefficients of the input-output table, for they also include the value of materials and services between activities and branches within the same sector and are based on production values, and not, as in this case, only the value of materials and services obtained from other economic sectors.

Source: Interrelation of Economic Activities of Yugoslavia in 1972, 1974, and 1976; SZZS-Belgrade (from the Energy Yearbook of SFRY for 1978 and 1979, Institute for Industrial Economics, Belgrade, 1981, p. 137)

Table 2. Percentage share of consumed energy value in production value in Yugoslavia (on the basis of a 16-sector input-output table of the Yugoslav economy)

Economic sector	In percents Direct and indirect energy consumption 1972	1974	1976
U postocima			
Privredni sektori	Direktna i indirektna potrošnja energije 1972.	1974.	1976.
1. Energetika	—	—	—
2. Metalurgija	26,25	31,69	38,44
3. Proizvodnja i prerada nemetala	18,44	27,93	26,34
4. Prerada metala i elektro-industrija	12,27	15,88	16,30
5. Kemijska industrija i papir	18,96	19,33	21,54
6. Drvna industrija	6,64	9,84	10,69
7. Industrija tekstila, kože i obuće	7,97	9,96	11,30
8. Prehrambena i industrija duhana	6,83	9,27	10,68
9. Ostala industrija	7,46	9,50	11,60
10. Poljoprivreda	4,15	5,46	6,87
11. Šumarstvo	1,97	3,57	4,61
12. Građevinarstvo	7,54	11,07	11,42
13. Saobraćaj i veze	10,62	17,26	14,96
14. Trgovina i ugostiteljstvo	2,74	4,03	3,17
15. Uslužno zanatstvo	6,87	9,17	12,58
16. Ostalo	11,16	15,46	14,80

Key on following page:

1. Energy supply sector
2. Metallurgy
3. Production and processing of nonmetals
4. Metal processing and the electronics industry
5. Chemical and paper industries
6. Wood products industry
7. Textile, leather, and shoemaking industries
8. Food industry and tobacco
9. Other industries
10. Agriculture
11. Forestry
12. Construction
13. Transportation and communications
14. Commerce, hotel and restaurant sectors
15. Service sector
16. Other

Includes energy consumed for the production of goods and services obtained by a specific sector from other sectors.
Source: ibid, p. 139

Table 3. Degree of dependence of Yugoslavia on energy imports

Year	Net energy import	Gross energy consumption	Degree of energy dependence in %
			10^6 t.e.c.

10^6 t.e.c.

Godina	Neto uvoz energije	Bruto potrošnja energije	Stupanj energetske ovisnosti u %
1960.	2,3	15,2	15,1
1965.	3,6	21,3	16,9
1970.	9,0	28,2	31,9
1975.	14,5	37,9	38,3
1976.	15,9	39,6	40,2
1977.	17,9	43,8	40,9
1978.	19,4	46,4	41,8
1979.	22,5	49,1	45,8

Source: Energy Yearbook of Yugoslavia, 1978 and 1979, Institute for Industrial Economics, Belgrade, April 1981, p. 143

Table 4. Financing of Research and Development in Selected Branches of Industry in the U.S.A.

(1) — u milijunima US dolara
(2) — tekuće cijene

(3) Industrija	(4) Ukupna ulaganja		(5) Udio izvora u %			
			(6) država		(7) industrija[1]	
	1967.	1977.	1967.	1977.	1967.	1977.
(8) Ukupno[2]	16395	33326	51,00	39,0	49,0	67,1
(9) Zrakoplovna raketna industrija	5669	7078	79,90	77,6	20,1	22,4
(10) Elektrooprema i komunikacije	3867	5952	59,40	45,3	40,6	54,7
(11) Strojogradnja	1326	3970	24,3	14,5	75,7	85,5
(12) Motorna vozila	...	3419	...	12,5	...	87,5
(13) Kemijska i farmaceutska industrija	1507	3267	13,9	9,0	86,1	91,0
(14) Profesionalna i znanstvena oprema	542	1405	34,9	11,1	65,1	88,9
(15) Rafinerija nafte i ekstrakcija	371	913	4,3	8,1	95,7	91,9
(16) Dobivanje metala	242	526	3,3	4,7	96,7	95,3
(17) Metalopreradivačka industrija	163	339	8,0	11,6	92,0	88,4
(18) Ostale preradivačke industrije	2139	5457	18,4	13,6	81,6	86,4
(19) Nepreradivačka industrija	559	950	69,2	46,0	30,8	54,0

1. Millions of U.S. Dollars,
2. Current Prices
3. Industry
4. Total Investment
5. Percentage Share of Sources
6. Government
7. Industry[1]
8. Total[2]
9. Aerospace industry
10. Electrical equipment and communications
11. Machine building
12. Motor vehicles
13. Chemical and pharmaceutical industry
14. Professional and scientific equipment
15. Petroleum refining and extraction
16. Metal production
17. Metal processing industry
18. Other manufacturing industries
19. Nonprocessing industries

[1]Including all other sources except the federal government (budget)
[2]Not including the motor vehicle industry, the 1977 share of individual sources was federal budget--35.26 percent, industry 64.74 percent.

Source: Federation of Republic and Regional Federal Executive Councils for Scientific Activity, Bases for the Development of Scientific Activity in SFRY 1981-1985, Institute for Social Studies of the University of Zagreb, Zagreb, 1981, p. 199

Table 5. State Investments in Research for the Purpose of "Improvement and Economical Harnessing of Energy"[1] (Advancement and Rational Energy Consumption)

(1) — U milijunima US dolara
(2) — u cijenama iz 1975. god.

(3) Zemlja	1975.	1978.	1979.	(4) 1980. (prognoza)
(5)				
(6) SAD	1363.0	2568,4	2646,0	2687
(7) Japan	303,2	421,2	511,8	...
(8) SR Njemačka	545,8	718,0	761.0	794
(9) Francuska	338,9	318.0	331.0	342
(10) Velika Britanija	187.8	203.8	189,7	204
(11) Nizozemska	19.4	40.0	40.0	42
(12) Kanada	65.2	82,7	88,7	...
(13) Italija	122.3	156.0	221.0	249
(14) Švedska	41,2	79,5	89.8	87
(15) Švicarska[1]	16,9	18,2	...	...
(16) Belgija	59,3	62,3	73.0	72
(17) Australija	19.0[3]	29,0	...	...
(18) Norveška	...	10,4	14,5	14
(19) Danska	8,2	17.0	17.8	13
(20) Finska	4,3	6,1	7,2	...
(21) Novi Zeland	1.0	4,6	7,0	...
Irska	0,2	0.6	...	...

1. Millions of U.S. Dollars
2. 1975 Prices
3. Country
4. 1980 (predicted)
5. U.S.A.
6. Japan
7. West Germany
8. Great Britain
10. Netherlands
11. Canada
12. Italy
13. Sweden
14. Switzerland[2]
15. Belgium
16. Australia[3]
17. Norway
18. Denmark
19. Finland
20. New Zealand
21. Ireland

[1]Production and rational consumption of energy includes all public investments in research and development intended for supply, production, conservation and distribution of all forms of energy except for research and development of power equipment of vehicles and rockets.
[2]Only federal investments.
[3]Data for 1976-1977.
Source: ibid., p. 201

Table 6. Projected Increase in Investment in Scientific Activity by Self-managing Communities of Interest for Scientific Work

(1) Na bazi cijena iz 1980. godine %

(2) Republike i autonomne pokrajine	(3) Prosječna godišnja stopa rasta 1981–85. u %	
	(4) Izvorna sredstva	(5) Investicije
(6) Jugoslavija	6,57	25,24
(7) Bosna i Hercegovina	5,95	0.0
(8) Crna Gora	5,96	6,98
(9) Hrvatska	4.00	35,79
(10) Makedonija	22.06	25.11
(11) Slovenija	4.00	9,72
(12) Srbija	7,59	13,16
(a) Uži teritorij	4,88	14.85
(b) Kosovo	18.02	15.02
(c) Vojvodina	10,90	6.98

1. Based on 1980 Prices, in %
2. Republics and Au onomous Provinces
3. Average Annual Rate of Growth in %, 1981-1985
4. Original Funds
5. Investment
6. Yugoslavia
7. Bosnia and Hercegovina
8. Montenegro
9. Croatia
10. Macedonia
11. Slovenia
12. Serbia
    a. Serbia proper
    b. Kosovo
    c. Vojvodina

Source: ibid., pp. 139, 145

9832
CSO: 2800/241

BRIEFS

BANK CREDITS IN 1982--In 1982 total bank credits for investment remained, although with difficulty, within the established limits. According to initial data of the Association of Yugoslav Banks, total credits of banks increased by 324.8 billion dinars, or 16.8 percent [over 1981]. In the last 2 years the proportion of short-term credits has jumped considerably compared to total credits. Thus, in 1981 short-term credits increased 46.7 percent, and in 1982 they increased 27.2 percent; while long-term credits increased 14.5 percent in 1981 and 12.1 percent in 1982. At the end of last year 23 banks had exceeded the planned level of bank credits in the total amount of 9.2 billion dinars. Most of these banks (commercial banks) were in Croatia (10), Serbia (5), and Macedonia (4). [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Mar 83 p 1]

EMPLOYMENT DATA FOR 1982--Last year an average of 862,477 persons were seeking employment, or 6.7 percent more than in 1981. For one opening 12.1 workers were competing, on average. Also, 11,563 workers returned from working abroad and 4,310 of these workers found jobs. [Excerpt] [Belgrade RAD in Serbo-Croatian 11 Mar 83 p 5]

WORLD BANK LOANS TO MACEDONIA--In the last 10 years the World Bank in Washington has granted 12 loans totaling $326.4 million in value to Macedonia. Most of these ($240 million) were earmarked for developing the agroindustrial complex, while the remainder were used to finance industrial development, mainly construction of small- and medium-size facilities in the processing industry. At present about 200 investments in which the World Bank shares are being utilized in Macedonia. The estimated value of current investments amounts to about 17 billion dinars, about 5 billion dinars of which were granted in the first 2 years of this medium-term plan. One-quarter of the investments financed by World Bank funds are in the undeveloped opstinas of Macedonia. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 1 Apr 83 p 2]

TRADE WITH GREECE--Representatives of Yugoslav economic organizations trading with Greece favorably assessed the results of trade in 1982 with this neighboring country and expressed the belief that the trend toward balancing bilateral trade would continue this year. Last year the volume of commodity trade with Greece increased from $208 million to $240 million (Yugoslav exports increased by 53 percent and imports remained at the 1981 level). This made it

possible to reduce the Yugoslav deficit from $90 million to $60 million. [Text] [Belgrade BORBA in Serbo-Croatian 17 Mar 83 p 8]

UNEMPLOYED YUGOSLAVS ABROAD--At the end of last year 590,000 of the 1 million Yugoslavs temporarily living in West European countries were employed. Last year 55,000 Yugoslavs living in these countries were unemployed, representing an increase of 10,000 over 1981. Since 1974 about 540,000 of our citizens have returned home and about 40 to 50 percent of them have found work in the socialized sector. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Apr 83 p 1]

CSO: 2800/261 END

END OF FICHE

DATE FILMED

May 16, 1983